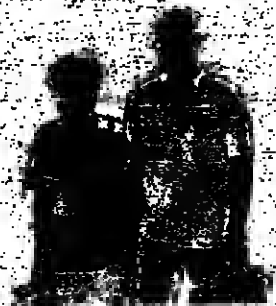


Weekend



**Flight of the Wasp**  
Both in the US and Britain, to be white and Anglo-Saxon is to be on the defensive



**Action on Mars**  
Nasa planners say it would be feasible to send people to Mars some time between 2010 and 2020

# FT

## FINANCIAL TIMES

AUGUST 16/ AUGUST 17 1997

Page I

Page II

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## Interest rate fears add to pressure as world investors take profits

# Shares tumble on dollar fall

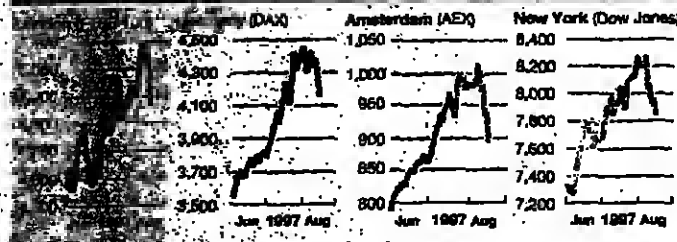
By Philip Coggan, Markets Editor, in London

International stock markets fell sharply yesterday as a decline in the dollar combined with interest rate fears to persuade investors to take profits in this summer markets.

The fall in the dollar against the D-Mark rippled through the markets, causing further weakness in US Treasury bonds, which were around a quarter of a point lower, shortly before the close in New York yesterday.

Weaker bonds combined with earnings downgrades at one of the market's favourite growth stocks, Gillette, to send the Dow Jones Industrial Average sharply lower. The Dow was down more

### World markets wobble



than 100 points at around 7,800 in late New York trading.

European stock markets also turned tail at the weaker dollar, which fell nearly three pence to DM1.816 in London yesterday. The US currency's strength has been one of the factors helping

export prospects on the continent. However, investors have recently started to worry that the Bundesbank might raise interest rates to defend the German currency and head off inflationary pressures. With many European markets closed for Assumption

Day, the pressure fell heavily on Amsterdam, which dropped 4 per cent, and Frankfurt, which fell 2.8 per cent.

Adding to the worries in international markets were signs that currency speculators had turned their attention to the Hong Kong dollar, after forcing many Asian currencies to devalue in recent months. The Hong Kong stock market dropped 2.4 per cent yesterday.

All this weighed on the London stock market, with a big fall in HSBC, one of the market's biggest constituents. The FTSE 100 shed 128.5 or 2.5 per cent, in its biggest points fall in one day since the crash of 1987 and its largest percentage drop in five years. The big fear for investors

is that the global bull market, which has this summer carried the Dow past 8,000 and the FTSE 100 past 5,000, might be over. The Dow's sharp early fall yesterday followed a decline of 156 points on August 8 and another 101 points on Tuesday.

Mr Chris Carter, managing director of global equity strategy at UBS, said "it's been a correction waiting to happen. Nowadays this is the way that markets move. There is an instant pricing in which not much selling occurs but everyone wakes up to the overpricing."

Market in two minds, Letters, Page 6; Bonds, Page 6; Currencies, Page 9; World stocks, Page 21; Lex, Page 23

## Protest killings mar Indian celebrations

By Mark Nicholson in New Delhi

A spate of attacks by separatist groups in India's troubled north-eastern states left at least six people dead yesterday as the celebrations of the country's 50th anniversary of independence.

Four government officials were shot in separate attacks in Assam, while two women were murdered in the neighbouring state of Tripura, all apparently by tribal militant groups.

The killings, designed to protest against what north-eastern rebel groups call "colonial" Indian rule over their states, followed bombings and arson attacks in Assam earlier this week after separatist tribal groups united to warn against any golden jubilee celebrations.

The attacks represent a sharp rise in violence in the north-eastern states. After the troubled state of Jammu & Kashmir, they are the most violent and heavily

policed in the union. India's remote and mountainous "seven sister" north-eastern states contain at least six well-armed and organised guerrilla separatist groups, fighting for homeland claims which date back to independence. Thousands have died in attacks over the past five decades.

In his jubilee address to the nation yesterday, Mr L.K. Gujral, prime minister, warned that India would make "no compromise" with "terrorist groups" in the country - code for Kashmiri and north-eastern separatists - nor brook any interference in its internal affairs from neighbours.

Earlier this week in Pakistan, also celebrating its golden jubilee, at least two people were killed when police opened fire on a crowd outside the mausoleum of the country's founding father, Mohammad Ali Jinnah.

Sombre celebrations, Page 4



Flying the flag: crowds waving flags and flaming torches through Bombay streets yesterday to celebrate 50 years of independence from British rule

## Elvis lives but locals harbour grave doubts

By John Authers in Memphis, Tennessee

To the strains of Richard Strauss, Elvis Presley returned to the heart of downtown Memphis this week, to be greeted by thousands of adoring followers from around the world.

As *Also Sprach Zarathustra* - the music used as the theme for the film *2001: A Space Odyssey* - reached a climax, the public address system switched to Elvis's own "CC Rider". Then the perspiring crowd gasped as a cloth was removed, to reveal a larger-than-life bronze image of their hero whirling his guitar in his 1950s prime.

"Elvis lives!" roared Jim Rout, mayor of Shelby County, to a roar of approval from the crowd, followed by uncontrollable tears from many. He had already taken a show of hands, which showed that most of the faithful were from Europe, with some from Japan and Australia, and scarcely any from Tennessee.

Elvis's resurrection, exactly 20 years after his death, has continued all week in Memphis. It reaches its climax today, the exact anniversary, with a "live" concert at which Elvis will appear in person, with the aid of video technology.

Locals plainly cannot understand it, and most are actively hostile to the international throngs. They like Elvis, and many recount the story of how he would go to a car showroom, and buy Cadillacs for anyone who happened to be admiring one at the time.

But there is deep distaste for the seeming reluctance to accept that Elvis is dead. Moves to sell the grave where the singer was first buried before being moved to his mansion Graceland have become a minor local scandal. However, not all the Elvis-

lovers in Memphis this week are locked in the past. Some Elvis "impersonators" use the star as a starting point for gloriously imaginative work of their own.

A sterling example is tukka Ammond, the Finnish Elvis. He recorded the first Latin language Elvis album three years ago, and was in Memphis this week to sing such memorable numbers as "Nunc hic aut nunquam" ("It's Now Or Never"), and "Tenere me ama" ("Love Me Tender").

A personal favourite was Mexican El Vez (otherwise known as Robert Lopez). He appeared live last Sunday at the Overton Park Shell, where the young Elvis gave his first ever concert in 1954.

El Vez uses his showmanship to make serious political points about intolerance, and the condition of immigrants in contemporary America. Several locals left when he dedicated a song called "You Ain't Nothin' But a Chihuahua" to Jerry Falwell, the evangelical preacher.

Why, uniquely among popular figures this century, is Elvis continuing to grow in the public consciousness after his death? Academics at the Third Annual International Conference on Elvis Presley, held in the Memphis College of Art spent the week wrestling with that question.

There were no clear answers. But Ms Erika Doss, director of American studies at the University of Colorado-Boulder, seemed to have a glimpse of the truth in her talk "Elvis Is America". She suggested that society saw a mirror of itself in this contradictory figure: "rockabilly rebel, teen angel, army private, B-movie idol, family man, Las Vegas superstar, Nixon admirer, drug addict".

Stones' world tours, Page 3  
Legend in the News, Page 7

### News General

## Group near to dam deal

A consortium of Siemens and Voith of Germany, and General Electric of the US, was near to winning a large share of an \$800m contract to supply equipment for the world's biggest hydroelectric project - the Three Gorges dam in China. It is planned to produce about a tenth of the country's domestic electricity requirements. Page 2

**Yeltsin attacks privatisation minister:** Russian president Boris Yeltsin has attacked his ousted privatisation minister for holding certain commercial banks "closer to his soul" than others. His comments were a thinly veiled blow against Oleximbank, which triumphed in the privatisations of Svyazinvest, a telecoms company, and Norilsk Nickel, a leading nickel producer. Page 2

**Arafat faces new pressure:** Palestinian Authority president Yasser Arafat is facing another problem as he contemplates his next moves in the standoff with Israel. He faces a deadline from the Palestinian parliament to dissolve his cabinet after reports of financial mismanagement and corruption. Page 3

**Yamaichi executive stabbed to death:** Koichiro Tarutani, 57, a top executive at Yamaichi, Japan's fourth largest securities house which is involved in a scandal over links with corporate racketeers, has been murdered in a parking lot in Tokyo. Page 4

**Legal moves intensify on rig protests:** The legal battle accompanying the confrontation at sea between Greenpeace and British Petroleum is expected to intensify after sheriff's officers served an injunction on the protesters' vessel ordering them to end interference with a mobile drilling platform off Scotland. Page 5

### Totting Taiwanese content leisure

Some business leaders fear introduction of a five-day work week will reduce national economic competitiveness, but others are rushing to diversify into leisure industries.

Page 4

### News Business

## Bank in \$500m deal

Spain's Santander banking group has completed an ambitious acquisition spree in Latin America with a \$500m deal to take control of the Brazilian bank Banco Noroeste. The purchase is one of the biggest forays by a foreign bank in Brazil following HSBG's \$1bn takeover of the troubled Bamerindus group at the end of March, and marks a further step in the rapid consolidation of the Brazilian banking industry. Banco Santander has invested some \$3bn over the last two years to build a significant presence in retail and investment banking in the main Latin American markets. Page 24

**Break-up canvassed in fight to run WH Smith:** A plan to break up UK retailer WH Smith which would see the sale of Waterstones' book chain, One Price Records and the anonymous newspaper and stationery business is being canvassed by a director of the group as part of the battle for the vacant chief executive's post. Analysts believe a break-up of the group, which has seen its share price slump in the past year on the back of disappointing trading, could raise over £1.5bn (\$2.4bn), almost \$500m more than the current market capitalisation. Page 22

**CalEnergy hostile bid for NYSEG fails:** CalEnergy, the US power group, abandoned its hostile takeover bid for one of New York's leading power utilities after failing to win the support of investors. The group said it had failed to secure tenders for the 6.5m shares needed to take a target stake in New York State Electric & Gas (NYSEG). Mr David Sokol, chairman and chief executive of CalEnergy, said it would pursue other opportunities. Page 23

**Seangyong trims losses:** Seangyong Motor, South Korea's fourth-largest carmaker, reported net losses down to Won\$4.2bn (\$71.7m) during the first half from Won\$8.7bn a year ago. Domestic sales fell 4 per cent because of sluggish demand for its commercial trucks and buses, while exports - mainly of four-wheel-drive vehicles - grew by 19 per cent. Analysts said losses declined as Seangyong approached the end of large capital investments associated with the production of its first passenger car model. Page 23

**Airlines face Schiphol slots shake-up:** Airlines may be forced to reschedule services to Amsterdam after the Dutch government signalled its intention to regulate traffic at the city's Schiphol airport on noise grounds. Such a move over Schiphol, which has runway capacity to spare, would set a European Union precedent in imposing a restrictive system on environmental grounds alone. Page 2

### Contents

|                    |     |                     |       |                   |         |
|--------------------|-----|---------------------|-------|-------------------|---------|
| News               |     | Dispersive          |       | Managed funds     | 10-16   |
| International News | 2-4 | Companies & Finance | 22-23 | Money markets     | 9       |
| UK News            | 25  |                     |       | Old trading desk  | 11      |
| Weather            | 24  | Markets             | 17    | Planet issues     | 17      |
| Lex                | 24  | FTSE Actuaries      | 17    | Share information | 18,19   |
|                    |     | FTSE-A Wild Index   | 23    | World commodities | 8       |
| Features           | 24  | Foreign exchange    | 9     | Wall Street       | 20,21   |
| Leader Page        | 6   | Gold markets        | 23    | Bourses           | 20,21   |
| Letters            | 6   | Libor               | 17    |                   |         |
| Legend in the News | 7   | 125 outages         | 21    | Weakness in       | Section |

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| Albania LEB300      | Austria SMI20       | Brazilian IboV500   |
| Bermuda BBS100      | Belgium BEL20       | Canada CSE100       |
| China HSE300        | Canada CSE100       | Denmark OMX20       |
| Czech CZE100        | France CAC40        | Germany DAX100      |
| Egypt ESE300        | Germany DAX100      | France CAC40        |
| Greece ASE100       | Hong Kong HSE300    | India NSE100        |
| Indonesia IDX100    | Italy MIB100        | Japan Nikkei225     |
| Israel TASE100      | Japan Nikkei225     | Korea KOSPI200      |
| Italy MIB100        | Korea KOSPI200      | Malaysia FBM100     |
| Japan Nikkei225     | Malaysia FBM100     | Mexico IPC100       |
| Korea KOSPI200      | Mexico IPC100       | Netherlands AEX100  |
| Malaysia FBM100     | Netherlands AEX100  | Poland WIG20        |
| Mexico IPC100       | Poland WIG20        | Portugal IFSX100    |
| Netherlands AEX100  | Portugal IFSX100    | Romania BET100      |
| Poland WIG20        | Romania BET100      | Saudi Tadawul100    |
| Portugal IFSX100    | Saudi Tadawul100    | Singapore SSES100   |
| Romania BET100      | Singapore SSES100   | South Africa JSE100 |
| Saudi Tadawul100    | South Africa JSE100 | Taiwan TSE100       |
| Singapore SSES100   | Taiwan TSE100       | Turkey BIST100      |
| South Africa JSE100 | Turkey BIST100      | USA S&P500          |
| Taiwan TSE100       | USA S&P500          | FT Vantage          |
| Turkey BIST100      | FT Vantage          |                     |

Weekend



**On Wall Street's fringe**  
It is clear that Doug Henwood likes the idea of being thought of as a scum



**The king of games**  
Is chess more of a challenge than backgammon? Does bridge require more brain power than poker?

Page III

Page IV



## NEWS: EUROPE

## Airlines face Schiphol slots shake-up

By Gordon Cramb  
in Amsterdam

Airlines may be forced to reschedule services to Amsterdam from as early as next month, after the Dutch government signalled its intention to regulate traffic at the city's Schiphol airport on noise grounds.

Schiphol said yesterday that Mrs Annemarie Jorritsma, transport minister, was to seek clearance from Brussels to declare it a "co-

ordinated airport" - like London Heathrow and Frankfurt - with landing slots apportioned by an independent administrator. Carriers would have to surrender some of their present scheduled timings and he allocated others.

Such a move would set a European Union precedent in imposing a restrictive system on environmental grounds alone. The British and German hubs each suffer shortages of runway

space, while Schiphol has capacity to spare.

The airport, the EU's fourth largest and second only to Heathrow in cargo handling, was yesterday told by a Haarlem court to rescind a ban imposed this month on night flights by older wide-body jets, such as the DC-10 and Boeing 747s, predating the 400 series.

Schiphol had also refused to accept new flights between 11pm and 6am no matter what the type of air-

craft, as part of an attempt to meet noise restrictions which came into force at the beginning of the year. With traffic up more than 7 per cent in the first six months, and teething troubles in interpreting the noise "contours" laid down to protect local residents, it was already running up against its year's decibel quota.

The court upheld an injunction sought by Atan, an association grouping cargo operators, and by air-

lines including Martinair, the Dutch charter carrier, and Israel's El Al. It said only Mrs Jorritsma had the power to impose restrictions of that nature.

"All parties agree that the most effective and obvious instrument to regulate air traffic noise in compliance with the demarcated noise zones consists of awarding Schiphol the status of fully co-ordinated airport," the ruling added.

But the ministry, saying

the law gave Schiphol clear responsibility for the problem, left open the possibility that it might appeal against the judgment.

A coalition of Dutch environmental groups said they would take Mrs Jorritsma to court unless the noise limits were met this year. "The ruling should be no excuse to stop enforcing the legal boundaries for noise. A substantial breach of the noise limits is being threatened, by day as well as at night."

## Talks on Cyprus unity break down

By John Barham in Ankara

Talks on reunifying Cyprus broke down yesterday after Mr Rauf Denktaş, Turkish Cypriot leader, accused his Greek Cypriot adversary and the European Union of ignoring the rights of his minority community.

Mr Denktaş and Mr Glafcos Clerides, president of the internationally recognised Greek Cypriot government, met for five days in Glion, a village overlooking Lake Geneva, amid rising hopes that the two communities were edging towards recon-

ciliation after being divided for 23 years.

Their talks in Switzerland followed two encounters in Nicosia, the divided Cypriot capital, and a previous round in Troutbeck, in rural New York state, in July. United Nations officials, who are organising the talks, said the previous meetings were constructive and expected the negotiations in Switzerland to maintain progress.

However, a European Commission announcement during the Troutbeck talks that it would open accession talks with the Greek Cypriot

government next year, while excluding Turkey from the next round of EU enlargement, infuriated the Turkish Cypriot delegation.

Mr Denktaş maintains, like Turkey, his only international supporter, that the Cypriot application is illegal because it was not made on behalf of all the island's population.

Cyprus was partitioned in 1974 when Turkey invaded after a short-lived pro-Greek coup.

Yesterday Mr Denktaş said: "The failure of the talks was clear from the

beginning. I think we all knew in a few meetings that the solution would not appear." He said he would not meet Mr Clerides again until the EU clarified its position.

Brussels argues the promise of EU membership would speed reunification. However, several important EU governments warn privately they would veto accession by a government led by the Greek Cypriots alone.

However, Mr Denktaş said he would maintain contacts with the Greek Cypriots on a range of other top-

ics, keeping alive the hope that full blown negotiations will resume again soon.

Diplomats say the breakdown was a blow for Mr Clerides, who has staked his reputation on reunifying the island and taking it into the EU. However, they expected that Mr Denktaş, his old antagonist, would try to stop the negotiations, just as he has over the three decades that he has led the Turkish Cypriot community. They say a reunited island would erode his power base and further isolate his Turkish sponsors.

## Yeltsin attacks sell-off minister

By Christia Freeland  
in Moscow

Russian President Boris Yeltsin yesterday threw his weight into a long-running privatisation battle, attacking his recently ousted privatisation minister for holding certain commercial banks "closer to his soul" than others.

The comment by the Kremlin chief, who usually prefers to remain aloof from Russia's frequent financial scandals, was a thinly veiled blow against Oleximbank, the powerful business group which triumphed in the recent privatisations of Sviatinvest, a telecoms company, and Norilsk Nickel, one of the world's leading nickel producers.

The entire scandal with Sviatinvest and Norilsk Nickel is connected with the fact that certain banks are becoming closer to the soul of Alfred Kokh [the former privatisation minister] than others," the president said. "That should not be the case; everything should be fair, open and legal."

Mr Yeltsin's sharp criticism of Mr Kokh, an important figure in the cabinet's young reform team, is an unexpected gift for Oleximbank's losing rivals. Over the past weeks they have consistently alleged Oleximbank owed its double privatisation victories to shady deals inside the government.

Earlier this week Mr Anatoly Chubais, first deputy prime minister and the country's most powerful reformer, staunchly defended the government's privatisation record and said Mr Kokh's resignation was in no way connected with public criticism of the sell-off.

In a further suggestion that Mr Yeltsin intends to keep a closer personal watch over future privatisations, Mr Alexander Livshits, a presidential adviser, said yesterday that the Kremlin was considering a system whereby all main sell-offs would be conducted by presidential decree.

Mr Livshits, a former finance minister, also advocated giving the courts greater authority to annul improperly conducted privatisations.

Neil Buckley

## Belgium still waits for legal reform

The pictures have been bleached by the sun now, but still seem to stare from windows on every street: two pretty, brown-eyed girls with fair hair and sparkling smiles.

This week they have smiled again from newspapers and television screens across Belgium. They are eight-year-old Julie Lejeune and Melissa Russo, the discovery of whose bodies in a makeshift dungeon in southern Belgium a year ago this weekend provoked an outrage which led to Belgium's biggest peacetime demonstration.

The photos of Julie and Melissa, displayed in their memory, have become symbols of the demand for reforms to combat the incompetence and corruption of Belgian institutions exposed by the investigation into the girls' murder. A year on, Belgians are asking whether real reforms will ever materialise.

Provoking the storm was the revelation that Mr Marc Dutroux, alleged killer of Julie and Melissa and two other girls, had long been suspected of paedophile activities. He had been released after serving only three years of a 12-year sentence for rape and his house was searched while Julie and Melissa were held there.

To impressions of incompetence were added suspicions that Mr Dutroux might have enjoyed official protection, when police and a leading businessman with political connections were arrested shortly after him.

Suspensions of a cover-up were strengthened when the magistrate investigating the case, Mr Jean-Marc Conner-

## Chronology of a national outrage

Melissa Russo (left)  
Julie Lejeune (right)

**1996**  
12 Aug: Marc Dutroux arrested  
15 Aug: Two teenage girls, abducted by Dutroux, rescued  
17 Aug: Bodies of Julie and Melissa found  
3 Sept: Bodies of two more girls found  
14 Oct: Investigating magistrate Jean-Marc Connerotte taken off case  
20 Oct: Up to 325,000 people march through Brussels, demanding legal reforms

**1997**  
15 Apr: Dutroux commission warns 'malfunctioning of the penal system puts at risk the state of law'  
17 Aug: Ceremonies mark anniversary of finding first bodies  
December: Dutroux commission due to report on whether suspects had official protection

otte, was removed after supposedly showing bias by attending a dinner for the victims' families.

The result was the "White March" by 300,000 Belgians through Brussels last October, so-called after the white clothing and balloons carried by demonstrators, to symbolise purity. The protesters were vindicated in April by a highly critical 300-page inquiry commission report into the Dutroux case.

Laziness, incompetence, lack of funding and failures of communication, it concluded, had prevented the girls from being rescued.

"The malfunctioning of the Belgian penal system today poses serious problems that put at grave risk the state of law," it warned.

Similar child sex allegations against a serving deputy prime minister, Mr Elio di Rupo, were quickly dismissed as groundless, and taken by the public as another example of official bungling or skulduggery.

More recently have come new revelations of hush-taking by one of the government coalition parties, and a second paedophile murder case with uncomfortable parallels to the Dutroux affair.

A survey by the francophone daily Le Soir this week found more than 50 per cent of Belgians thought the government had "not taken notice" of citizens' outrage; 88 per cent believed reforms were insufficient or "virtually non-existent".

The parents of Julie and Melissa asked in a statement: "Will we all find ourselves back on the streets tomorrow protesting for want of being taken seriously in our battle?"

Mr Stefan de Clerck, justice minister, insisted the

Dutroux case was an "electric shock" which stimulated reforms. Ministers have approved 22 legal bills which will go before parliament this autumn. A centre for missing children will be set up, with new procedures for investigating such cases.

Appointment of judges is to be made merit-based, rather than largely political.

Another bill will create a Supreme Justice Council, effectively a legal watchdog. But the Dutroux commission's main recommendation, to merge Belgium's three police forces - local police, gendarmerie and judicial police - is meeting stiff opposition from the forces themselves, and some politicians. Open rivalry between the forces was identified as a critical failure in the Dutroux investigation.

The gendarmerie, or general police force, was accused of withholding information from the judicial police, the investigations unit, because it wanted the glory of solving the case for itself.

Belgians could punish the government in a general election which could be held as early as next year, by voting for radical, fringe parties. A different kind of protest vote might also become possible. Speculation persists that local pro-reform "White Movements", spawned by the "White March", might transform themselves into a political force.

The survey in Le Soir suggested 40 per cent of Belgians would vote for a "White party". Food for thought for Mr Jean-Luc Delvaux, the prime minister.

## German-US consortium near Three Gorges order

By James Harding in Shanghai  
and Peter Marsh in London

A consortium of Siemens and Vöith of Germany and General Electric of the US was last night on the brink of being awarded a large share of an \$800m contract to supply equipment for the world's highest hydroelectric project.

Other companies including the UK-French GEC-Alsthom and the Zurich-based ABB also appeared close to picking up orders to supply

generating and turbine systems for the Three Gorges dam on the Yangtze river in China, which is planned eventually to produce about a tenth of the country's domestic electricity requirements.

The dam has also sparked controversy on environmental grounds because it will create a reservoir 600km long and displace more than 1m people.

The contract is among the most fiercely contested in the global power engineering industry. Suc-

cess in tendering will give the winners a strong toe-hold in the potentially vast Chinese market for power engineering, as well as in other large hydroelectric projects worldwide.

China's Three Gorges Project Construction Committee, the state-owned body overseeing the dam's construction, said last night it had decided on some parts of the power generation contract, but it was too soon to give details. An announcement is expected shortly.

There was confusion yesterday about the part Siemens and the other members of its consortium would play.

While a Siemens representative in Beijing was quoted by the Agence France-Presse news agency as saying the consortium would supply six of the 14 generator and turbine sets required for the first phase of the dam's power engineering systems, the company later said it could not confirm its participation.

"It's likely we will get something," the company said. Neither ABB nor GEC-Alsthom would comment on whether they had been given contracts.

Both these companies are in the rival consortia bidding for the power engineering part of the dam - which is due to be finished by 2009 at a total cost of \$30bn. Once the planned total of 26 power units are installed, the plant operating at full capacity will provide 84.7bn kWh of electricity.

The proposals for cutting the deficit assume GDP growth of 4.5 per cent this year and 3.5 per cent in 1998. Private consumption is expected to grow by 4 per cent in 1997, while the government is predicting a current account surplus of FM20bn both this year and next.

Mr Hetemaki said the forecasts underlined government commitment to tight fiscal policies, adding that meeting the Maastricht criteria was simply the "bi-product" of stabilising the domestic budget deficit.

The foreign exchange market has been dominated by the perception that the euro is likely to be broadly based and therefore weak. Economists increasingly believe that the European central bank will be determined to

slightly to 44.7 per cent, the same figure as for Denmark.

The foreign exchange market has been dominated by the perception that the euro is likely to be broadly based and therefore weak. Economists increasingly believe that the European central bank will be determined to

slightly to 44.7 per cent, the same figure as for Denmark.

## INTERNATIONAL NEWS DIGEST

## Russian general warns on cuts

General Pyotr Delnekin, Russia's air force chief, warned yesterday that plans to lay-off nearly 200,000 of his officers and men could spark "social upheavals" unless the government provided sufficient compensation. Gen Delnekin said that 180,000 men, out of a current complement of 340,000 air force and air defence troops, were slated to be sacked as part of a far-reaching military reform which aims to cut the Russian war machine in half over the next two years. But the general cautioned that the radical project could turn sour if the laid-off men were not offered enough state support.

"The demobilisation of 180,000 officers and men will involve social upheavals if the government fails to provide for their material well-being," Gen Delnekin said. Russia's top officers have said the cash-strapped military is on the verge of revolt. *Christia Freeland, Moscow*

## GEORGIA AND ABKHAZIA

Leaders renounce use of force

Leaders of Georgia and the secessionist republic of Abkhazia yesterday signed a joint declaration promising neither side would use force to solve the dispute between them. The signature took place five years and a day after the start of the Abkhaz war in 1992. Both Mr Eduard Shevardnadze and Mr Vladislav Ardzimba, Abkhaz leader, praised Russia's role in initiating the meeting. Russian foreign minister Yevgeny Primakov took part in the talks.

"Russia could have arranged this meeting any time in the past three years - but they just didn't want to," said Mr Georgy Khutsishvili, from the Institute of Conflict and Negotiations in Tbilisi. "Russia has noticed increased western interest in the region and doesn't want to lose out or lose influence." *Selma Williams, Tbilisi*

## SWEDISH UNEMPLOYMENT

## July figure at four-year high

Swedish unemployment rose to a four-year high of 9.1 per cent in July, according to figures released yesterday by the state statistics bureau. The percentage of people out of work rose from 8.8 per cent in June, and from 8.5 per cent one year ago. Adjusted for seasonal shifts, unemployment declined by 0.1 per cent between May and July.

The figures, which do not include a further 3 per cent of the workforce on state-funded training and employment schemes, offered little comfort to Prime Minister Göran Persson's minority Social Democratic government. The administration, facing a general election in September next year, has repeatedly pledged to cut unemployment to 4 per cent by 2000. *Greg McIner, Stockholm*

## JAPAN AND NORTH KOREA

## Talks on diplomatic ties soon

Japan and North Korea will hold talks next week aimed at normalising diplomatic ties for the first time. The talks, in Beijing, come after five years of acrimonious bilateral disputes, fuelled by Tokyo's fear that North Korea could pose a military threat to Japan. The talks are expected to touch on the issue of food aid to North Korea and a long running row over kidnapping allegations by Japan.

The two countries have never had normal diplomatic relations, since Japan colonised the Korean peninsula between 1910 and 1945 and then later supported the US during the 1950-53 Korean war. *Gillian Trill, Tokyo*

## TAIWAN

## GDP grows by 6.34%

Taiwan's gross domestic product grew a higher-than-expected 6.34 per cent year-on-year in the second quarter. Taiwan's government statistics agency said yesterday. Although the figure was down from the first-quarter's 6.83 per cent, it was up sharply from earlier forecasts, prompting officials to declare that the economy had recovered from last year's slump.

The agency attributed the second quarter GDP rise to reduced impact from a swine epidemic and a strong stock market performance. The stock market rose 13 per cent in the second quarter. *Laura Tyson, Taipei*

## ANGOLA

## UN troops may stay

Mr Kofi Annan, United Nations secretary-general, last night proposed to delay the withdrawal of UN peacekeepers in Angola because of "the prevailing precarious situation". Hoping that, given more time, the government and UNITA would still be able to complete the peace process, he said in a report to the Security Council that 2,650 troops should stay in place until the end of October. Representatives of the US, Russia and Portugal were expected to meet on Monday to review the situation. *Michael Littlejohns, New York*

## MEXICAN BUDGET

## Surplus falls by a third

Mexico's budget surplus fell by a third during the first six months of the year, despite the country's economic recovery. The country's public finances have become the subject of unprecedented political debate, with newly powerful opposition parties pressing for tax cuts and a more relaxed fiscal policy.

In the run-up to July congressional elections, government spending for the first six months of the year went up to 315bn pesos (\$40bn), 8.5 per cent more than the first half of 1996. Public sector income rose by 4.5 per cent, led by tax revenues which shot up in line with greater economic activity. *Daniel Donbey, Mexico City*

**FINANCIAL TIMES**  
Published by The Financial Times (Europe) GmbH, Neudammstrasse 3, 40118 Frankfurt am Main, Germany. Telephone +49 69 150 150. Fax +49 69 596 440. Registered in Frankfurt by J. Walter Brand, Wilhelm J. Brand, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Buntington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.

**GERMANY:**  
Responsible for Advertising content: Colin A. Kennard. Printer: Hüthig International Verlagsgesellschaft mbH, Adminal-Rosenfeld-Strasse 3a, 63303 Neu-Isenburg. ISSN 0174 1263. Responsible Editor: Richard Lamborn, c/o The Financial Times Limited, Number One Southbank Bridge, London SE1 9HL.

**FRANCE:**  
Publishing Director: P. Maravaglia, 42 Rue La Botz, 75008 PARIS. Telephone (01) 576 8254. Fax (01) 576 8253. Printer: S.A. Nord Eclair, 1571 Rue de Caen, F-91000 Evry. Editor: Richard Lamborn, ISSN 1148-2755. Commissionaire: No 67802.

**SWEDEN:**  
Responsible Publisher: Hugh Carnegie 468 618 0688. Printer: AB Kvalitetstryckeriet, Expressen, PO Box 6007, S-590 06, Jönköping.

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Two-thirds of leading financial and economic forecasters predict that Italy will join the putative European single currency from the outset, up from one in five in January.

The Consensus Economics survey of more than 200 analysts shows that expectations about the initial membership of the single currency have polarised over the last six months.

The "Club Med" economies are thought much more likely to join from day one than seemed to be the case six months ago, while Denmark, Sweden and the UK are seen as increasingly unlikely to join them.

For both Spain and Portugal, the proportion of econo-

Analysts expect rising number of euro first-rounders

The Finnish government yesterday announced spending cuts and increased fuel taxes to take the country's budget deficit below the Maastricht target for European economic and monetary union, Tim Burt writes from Stockholm.

The move follows last month's surprise upwards revision of Finland's 1996 deficit from 2.6 to 3.1 per cent, which was blamed on an unexpected statistical error.

Under proposals published in Helsinki yesterday, the government said it would seek FM5bn (\$900m) of savings by cutting subsidies to the construction industry, reducing state aid to local authorities and increasing taxes on oil and petrol for commercial and domestic users.

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# World tours keep the Stones on a pay roll

It takes a class act to fill a stadium these days, writes Alice Rawsthorn

On Monday the four surviving members of the Rolling Stones, all in their 50s, will pose for the paparazzi against the backdrop of Brooklyn Bridge in New York to unveil the details of their new world tour.

After selling an unprecedented \$121m-worth of tickets in the US alone for their last tour, *Voodoo Lounge*, in 1994, the Stones will be anxious to break another record by out-selling themselves with *Bridges To Babylon*.

They will face stiff competition from other ageing rock stars when their tour kicks off in Chicago on September 22. Fleetwood Mac, a band which dates back to the 1960s London blues scene, will hit the road this autumn after a 15-year break with a 40-date US tour. The Police, the veteran 1970s band, is

also considering a comeback tour to promote a forthcoming *Greatest Hits* album. The spectacle of middle-aged musicians abandoning their mansions to trundle around the world bashing out songs they first recorded 20 or 30 years ago may seem surreal, but the finances of the touring business mean that very few other acts can afford to do it.

The cost of staging a blockbuster rock tour capable of selling out scores of sports stadiums, each with over 50,000 seats, is colossal. Mr Michael Cohl, the Canadian promoter behind the Rolling Stones' tours, employed 250 full-time staff for *Voodoo Lounge*.

Only a handful of chart-topping new acts could hope to attract enough fans to fill a stadium. Most young stars choose to join the collective tours travelling around the

US each summer, such as HORDE featuring Beck and Kula Shaker, Lolapalooza headlined by the Prodigy, and the all-woman Lilith tour with Sarah McLachlan and Sheryl Crow.

Even the younger acts which can fill stadiums have to opt for low ticket prices to make them affordable to fans in their teens and 20s. By contrast, older acts can charge higher prices to their more affluent fans in their 30s, 40s and 50s.

When No Doubt, one of the most popular young US bands, played at the Ford of Anaheim in California this spring, it charged \$18 for the same seats that Barbara Streisand's fans had paid \$350 for three years before.

Streisand is exceptional. Having suffered from stage fright throughout her career, her public performances are so rare that tickets are

invariably expensive. However, the Eagles, the famous 1970s West Coast rockers, managed to sell \$143m-worth of tickets for \$100 each during US legs of a recent reunion tour.

The Eagles' success prompted U2, the Irish group, to raise the average price of tickets for this summer's *PopMart* tour to \$47.50, from \$32 for its 1992 *Zoo TV*. Some of the early concerts were slower to sell out than previous tours, fuelling rumours that the band's fans, who are younger than those of the Eagles, were balking at the prices.

Mr Paul McGuinness, U2's manager, said the rumours were unfounded and that some 2.75m *PopMart* tickets had already been sold. He expects total sales to exceed \$m by the time the tour ends next year.



However, he said that U2 "may address" its policy of not accepting commercial sponsorship for its tours. Until now the band has eschewed sponsorship, on the grounds that it would be incompatible with its image. But Mr McGuinness said U2 now recognised that future tours might benefit from the

increased advertising support an appropriate sponsor could provide. The Rolling Stones have never had any scruples about sponsorship. Their last tour was backed by Volkswagen, which not only promoted the concerts in its advertising, but sold 20,000 limited edition *Voodoo Lounge* VW Golfs.

The Stones have already attracted a new sponsor for *Bridges To Babylon*. The band now faces the challenge of staving off competition from Fleetwood Mac, and possibly the Police, by proving that they can still sell out sports stadiums 35 years after their first gig.

# Mombasa violence tarnishes Kenya's image

By Michela Wrong in Nairobi

Kenya's image as a safe holiday destination took a battering yesterday as security forces bent on revenge for slain colleagues fought gun battles with bandits south of Mombasa, turning part of the usually tranquil coastal strip into a no-go area.

As fighting broke out nine miles from Mombasa, police sealed off the main road to Tanzania and the local tourist association told hotels to the south to cancel bus shuttles and keep guests on their property. New arrivals booked into southern hotels were diverted to establishments north of the city.

A security operation involving riot police, soldiers and members of the Kenyan navy was launched after a 100-strong gang transformed the area into a virtual war zone on Thursday night. At least 15 people, including seven policemen, were killed in the raid.

The gang attacked a police station at Likoni, where the Mombasa ferry usually docks, backing officers to death, freeing detainees and seizing 30 guns and 5,000 rounds of ammunition. They burnt down the district officer's quarters, gutted the ferry offices and a tourist police booth and prevented a ferry bringing police reinforcements from docking. Barricades were set up and motorists pulled out of cars and knifed.

Coming as it does during an increasingly tense pre-election period, the well-orchestrated and ruthless nature of the attack immediately sparked speculation of a political rather than criminal motive. The Daily Nation newspaper noted that, as government and opposition rhetoric escalated, "secret armies" associated with several individuals had emerged. It said the raid presented the government with its most serious security challenge since the 1992 ethnic clashes in the Rift Valley.

The tourist season is currently at its height in Kenya and visitors can hardly have failed to notice the mayhem. Tourist industry officials said that while the bloodshed might not result in immediate cancellations, in the longer term it was bound to have an impact on bookings, only just recovering after two years of decline caused by security worries.

The raid is the latest addition to a flood of negative reports from Kenya. Pictures of pro-reform protesters clashing with police, crowd lynchings and news that the IMF has suspended lending have all tarnished the image of what was once regarded as east Africa's most stable democracy.

The central bank governor yesterday appealed to foreign investors not to overreact. "We have been told by the government that economic reforms will continue, so there is no reason to be over-anxious," Mr Michah Chesereem told a press conference. "Kenya remains a very attractive location. There is no reason for investors to go away."

Mr Chesereem attributed the central bank's recent failure to find buyers for half of the KSh14bn (\$200m) worth of T-bills offered to the market to nervous foreign investors repatriating their proceeds. "We don't like that trend," he said. The central bank has so far spent \$100m of its foreign exchange reserves protecting the shilling. Mr Chesereem said that while he considered a rate of 70 to the dollar to be undervalued, he would only intervene to prevent dramatic swings.

# Legion voices press the Olympics case for Rome

By Jennifer Grege in Rome

When Rome presented its bid for the 2004 Olympic Games last year, much of the determination behind it came from the deeply felt need for international recognition that the city is no longer seen as *Tamperopolis* - Bribesville.

As Mr Mario Pescante, president of the Italian Olympic Sports Federation (Coni), said: "If by 2004 we're not out of the *Tamperopolis* syndrome, we never will be." He admitted that the 1990 football World Cup in Italy was regarded by unscrupulous politicians in Rome as an opportunity to line their pockets, but this time both

the amount and destination of public funds is clear. Mr Pescante said the Public Accounts Office expected to make 1.5.7bn (\$3.15bn) in returns on the Olympic public funding of 1.2.75bn.

A remarkable degree of national political consensus over the bid has been achieved. The only two parties opposing Rome's candidature are the Reconstructed Communists, who say too much public money is being spent, and Mr Umberto Bossi's separatist Northern League, which would support only a Milan bid.

In spite of strong support from both ends of the political spectrum, Rome is the only candidate

city with a No pressure group sufficiently determined and well-funded to have taken its objections to the International Olympic Committee in Lausanne, Switzerland, last May.

Mr Massimo Teodori, the organisation's spokesman, said it was a loose, non-political grouping that had the backing of 40 per cent of the Roman public. A recent public opinion poll suggests this figure is more like 25 per cent.

Mr Teodori said an event that brought into the city 300,000-400,000 visitors a night should have been the subject of a referendum. This was firmly rejected by Mayor Francesco Rutelli, who is

staking his re-election in November on Rome securing the Games. Senator Carla Mazzuca, one of the bid's strongest supporters, rejected such criticisms. Ms Mazzuca has a fine pedigree: she is the daughter of Mr Mario Mazzuca, an organiser of the 1960 Games in Rome and the man responsible for introducing rugby to Italy. Even the shortage of hotel beds is to her no barrier.

She said a partial solution would be to use, if the Vatican agreed, convent accommodation. Rome will be host to about 30m pilgrims in 2000, Holy Year, giving an opportunity to test its ability to absorb vast numbers. Naples,

well under two hours from Rome by train, and the nearby seaside resort of Anzio offered an abundant supply of hotels, she said.

Mr Ivan Novelli, Coni deputy director, said Rome was well endowed with sports facilities, and already had two-thirds of the venues needed to stage the 28 Olympic disciplines. The planned Olympic village on the edge of the city, which would house 15,000 athletes, coaches and staff, could subsequently be used for student accommodation, he said.

Mr Novelli stressed how he would make athletes' families comfortable. All seven hotels on the tree-lined Via Veneto, whose

wide pavements and open-air bars were the centre of Rome's Dolce Vita in the 1960s, would be called into service, and the street closed to traffic.

Six weeks before the winning candidate is announced on September 5, however, the first signs of caution are appearing among the city's most vociferous supporters.

As Mr Raffaele Ranucci, head of the Roma 2004 promotion committee, said: "We don't want to go to Lausanne as popes and come back cardinals."

This is the third in a series about cities shortlisted for the 2004 Olympics.

# Regulator to control China exchanges

By James Harding in Shanghai

China's stock market regulator has assumed direct control of the country's two stock exchanges, in a move by Beijing to impose its authority over the volatile and speculative markets in Shanghai and Shenzhen.

The Financial News, the official government newspaper, announced yesterday that the State Council, or cabinet, ordered the China Securities Regulatory Commission to run the exchanges to foster "legal, supervised, self-disciplined and regulated" markets. It explained that "the rapid expansion and scale of development force the need to strengthen unified central control".

The government simultaneously released the long-awaited news that the presidents of the two exchanges were being replaced by CSRC appointees. Mr To Guangshao, previously head of the CSRC's transactions department, has been named as the new head of the Shanghai stock exchange, replacing Mr Yang Xianghai.

Although no details were given of the Shenzhen appointment, there has been speculation that Mr Gui Mingli, head of the international department of the CSRC, will take over from Mr Zhuang Xinyi.

The central government has acted repeatedly this year to temper the unruly young markets and was particularly frustrated in the period before Hong Kong's return to Chinese sover-

eignty when share prices soared despite stern warnings from Beijing that the market was dangerously overheated.

Yesterday's move was widely viewed as a signal of Beijing's disappointment that local managers of the two stock exchanges had failed to implement central government policy in the first half of the year.

However, the foreign currency share markets yesterday shrugged off the news that Beijing was tightening its grip, building on this week's gains in the Shanghai and Shenzhen markets.

The Shanghai B share index - which covers stocks reserved in theory for foreign investors only - rose by 8.9 per cent to close at 87.676 points, while the Shenzhen equivalent closed up 5 per cent at 193.73 points.

Both indices rose roughly 10 per cent on Thursday, hitting the exchanges' buying limits, as Hong Kong money poured into what have been perceived to be comparatively cheap mainland stock markets.

The local currency stock markets fared badly yesterday, as domestic investors reacted warily to the Beijing announcement, remembering previous central government crackdowns that had directly targeted investors in A-share - the stocks denominated in Chinese currency and reserved exclusively for mainland Chinese citizens.

Shanghai's A share market fell by 2.5 per cent while the Shenzhen A share index dropped 1.8 per cent.

# Arafat facing 'democracy' test

Leader is under pressure to dissolve cabinet and tackle corruption, reports Avi Machlis

While Mr Yasser Arafat, president of the Palestinian Authority, may be contemplating his next moves in the standoff with Israel ahead of a visit next month by Mrs Madeleine Albright, US secretary of state, he faces another impending deadline.

The Palestinian parliament recently issued an ultimatum, demanding that Mr Arafat dissolve his cabinet by the end of September in response to reports of financial mismanagement and corruption.

"This is a real test for Palestinian democracy," said Mrs Hanan Ashrawi, Palestinian minister of higher education, in an interview with the FT. The reports have aroused concerns among Palestinians and donor countries about accountability in the nascent government. However, the very fact the Palestinian Legislative Council, or parliament, boldly issued its report and fingered several senior Palestinian officials marks an important step for Palestinian democracy.

In its report the PLC appealed to Mr Arafat to replace his cabinet with "a new council of technocrats and experts". Palestinians now await his next move after 16 out of 18 ministers resigned in response to the report.

"The legislative authority is taking its role seriously," said Mrs Ashrawi. "It is holding the executive authority accountable, has exposed certain shortcomings and violations and has demanded rectification."

The outcome of this process would determine "whether we are going to build a democratic future or a centralised, perhaps unaccountable, system that sees the preservation of power as being the objective rather



Yasser Arafat: deadline to dissolve cabinet looms

than safeguarding and protecting the people's rights," she added.

The process began last May, when Mr Arafat sent the Palestinian General Control Office to carry out an audit of Palestinian finances. The auditing commission found the authority equandered \$326m in 1996, or 40 per cent of its budget.

Two follow-up commissions were formed, one set up by Mr Arafat, a second comprised of nine PLC legislators. The highly detailed legislative report released last month named several ministers suspected of alleged gross violations and made detailed proposals for rules and regulations aimed at creating a transparent and accountable system.

The PLC publicised scathing charges against several leading Palestinian officials. Mr Yasser Abd-Rabbu, who holds two ministerial portfolios, was charged with siphoning off \$26,861 (\$7,600) from his ministry of culture budget to pay for the installation of a central heating system in his home. Mr Nabli Sha'ath, minister of planning, was accused of setting up a slush fund, paying less for projects than agreed

in contracts. Both have denied any wrongdoing - and were the only two ministers not to sign the cabinet resignation.

The PLC has noted that the auditors' report was not comprehensive. Mrs Ashrawi points out the \$326m figure did not distinguish between funds lost due to financial violations and unrealised revenues resulting from policy decisions.

Nevertheless, the practices "damaged the PA's reputation and credibility with funders," said the report. Indeed, donor countries led by the EU and the US, threatened to stop assistance to it.

But Mr Hikmat Zeid, a member of the PLC inquiry, has appealed to donor countries to focus on efforts being made to deal with what he cautiously calls "mistakes".

"We are a new Palestinian Authority," he said. "We are in the middle of an Arab world and the Middle East, and aside from Israel we are the only country in this area that is democratic and has a high level of transparency."

The democratic awareness Mr Zeid refers to is firmly rooted in grassroots Palestinian society. According to a poll taken in June by the Centre for Palestine Research and Studies, 62 per cent of Palestinians believe corruption exists in official institutions and 52 per cent backed a vote of no-confidence in Mr Arafat's cabinet as a response. But Mr Zeid's trust alludes to one weakness in the Palestinian drive to institute a system of checks and balances: the inquiries refrained from investigating Mr Arafat's security services or his office. And although Mr Arafat appears to be supporting the quest for accountability, one Palestinian official admitted the reluctance to open the files in the office of the revered president was due to "political sensitivity". Experts say much of the current situation is linked to Mr Arafat. In the three years since the authority was founded, they say, a system of patronage common in the Arab world has evolved alongside the drive for democracy. For now, the PLC has put on hold a no-confidence vote - its ultimate weapon - as it awaits the president's response. Mr Zeid said the

identified. Israeli and Palestinian officials doubt the authenticity of a claim of responsibility in the name of the Islamic militant group Hamas.

Washington, chief sponsor of Middle East peace talks, sent Mr Ross to the region in an effort to revive negotiations between Israel and the Palestinians.

A Gallup poll of 510 adults published yesterday showed most Israeli Jews were satisfied with Mr Netanyahu's steps following the attack. The poll showed 57 per cent backed his handling of the situation.

Israel has partly eased the "internal closure" between Palestinian towns inside the West Bank, but has retained a bar on entry to Israel that has kept thousands of Palestinian workers from travelling to their jobs in the Jewish state.

PLC's goal was not to clash with the executive, especially during the current crisis in the peace process. "When the political crisis is over," he said, "I trust that the president will personally respond to these issues."

The drive is also vulnerable to the ups and downs of the peace process. Since Israel still has overall control of the economy, land and security, said Mrs Ashrawi, "even our best laid plans can be instantly nullified by an Israeli measure". Meanwhile, the deterioration in the peace process has sparked discussion in the Palestinian cabinet on whether to drop the internal debate for now to avoid weakening Mr Arafat during the political crisis.

But Mrs Ashrawi disapproves of this strategy. "I believe that if you are credible internally and accountable internally, this is a source of internal strength and empowerment. It will help us face external challenges," she said, adding the majority of ministers agreed. "I believe it also strengthens Arafat's hand," she added. "If you lose the people's confidence, you cannot lead."

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# Yamaichi executive stabbed to death

slaves, and we were freed from your clutches - even the trees and flowers are happy."

But even Mr Rajpal, who said he and his friends remained committed to the ideals of Mahatma Gandhi, conceded some doubts about the past 50 years. "I still believe his philosophy, but somewhere down the road the line was broken."

"There are not enough Gandhians left, they've all gone. But the dream is incomplete, his work remains to be done."

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While respected for his actions during the 1980s and earlier this decade, Mr Vir-abhongsse's more recent record is mixed. He was a member of the board of directors of the Bangkok Bank of Commerce, which

sank under a \$3bn mountain of bad debt caused by fraud and mismanagement. Some Thai bankers questioned his loyalty when he used information gleaned from his position on the board of directors of the central bank to argue publicly against central bank policy.

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# Legal moves intensify against oil rig protest

By Robert Condon in London and Graham Bowley in Frankfurt

The legal battle accompanying the confrontation at sea between Greenpeace and British Petroleum is expected to intensify in the next few days after British officials "effectively" served an injunction on the protesters' vessel.

Greenpeace says the "interdiction," as injunctions are known in Scotland, fell "overboard" after British officials tossed it on to the deck of a Greenpeace ship. BP said the sheriff had determined

that it had been effectively served. Copies are thought to have been faxed to Greenpeace as well.

The interdiction orders the environmental activists to end their interference with the Stena Dee mobile drilling platform, which is working on the nearby Foinaven field operated by BP. Protesters have attached a survival pod to one of the legs of the Stena Dee, while swimmers from an accompanying Greenpeace vessel have at times entered the water to prevent it from moving.

Greenpeace last night put four more climbers on to the rig. They

were attempting to occupy an inner walkway near the top of the platform.

Interdictions are normally served after police have witnessed an illegal act and have confirmed as much to the court. The next step in the process depends on how Greenpeace responds. If it remains in breach of the interdiction, a judge will determine what steps should be taken to bring it into compliance.

BP, which made the original complaint, said: "The next step is not in our hands; it's up to a judge to decide what to do." BP has

been careful so far not to interfere physically with the protesters. But a judge may take a tougher line: options range from fines to imprisonment of Greenpeace officials. The court could also order police to end the protest.

Even if Greenpeace complied with the court order, it may not be the end of the legal process. Some industry observers believe BP may eventually sue Greenpeace to recover any financial losses resulting from the protest action. The Stena Dee is thought to cost BP around \$100,000 a day. BP is thought to be particularly

irate because the environmental safeguards and standards it has set at Foinaven are among the most demanding yet seen in the international oil industry.

Greenpeace's protest against BP yesterday spread to Germany, where the latest campaign has received little attention from television or newspapers. BP's headquarters in Hamburg were picketed by about 20 Greenpeace demonstrators. "The protesters went quietly at 4 o'clock on the dot - just like all good German clerks on a Friday afternoon," said BP.

Enterprise Oil, the independent UK oil exploration company, is ignoring calls from the Scottish National party for immediate shutting down of a North Sea oil pipeline beside which an unexploded wartime bomb has been discovered.

Enterprise Oil intends temporarily to close the pipeline from the Nelson field when it is ready to destroy the bomb, which is likely to take place in about 10 days.

However, it believes that in the meantime the bomb presents a "vanishingly small" risk.

## CJD rise 'may be less than was first thought'

By Vanessa Houlder in London

The rising number of UK cases of Creutzfeldt-Jakob disease, the human brain disease linked to BSE, may partly reflect better diagnosis rather than any real increase in incidence, the government's CJD Surveillance Unit said yesterday.

The researchers said in a report in the British Medical Journal that the largest increase in cases had been in people over 70, and that such cases might not have been correctly diagnosed in the past. However, the incidence of an unusual form of CJD in comparatively young patients remained unexplained, it said.

The study revealed that four dairy farmers and two beef farmers died from CJD between May 1990 and the end of last year. The authors said that there was "a statistically significant excess of cases" of CJD among workers on dairy farms but added that it was comparable to that in other European countries where BSE was rare or absent. This suggested that farmers were at increased risk of CJD for reasons other than exposure to the agent which caused BSE, the study said.

A separate paper published in the journal discloses that the government has commissioned an audit to show what beef tissue went into which foods over a series of five-year periods.

The study may shed light on which meat products contained tissue carrying a high risk of carrying the infective agent causing BSE. Research by Dr Sheila Gore of the MRC Biostatistics Unit in Cambridge showed that in the second half of the 1980s - the period when BSE is thought to have entered the human food chain - young people ate far greater quantities of kebabs and hamburgers than older generations.

## Ecologists maintain their vigil at sea

By Michael Peel on board the MV Greenpeace

Off-duty crew members of the MV Greenpeace were relaxing when a shout of "Pop deck!" warned them of the approach of a launch from the British Petroleum support vessel Grampian Frontier.

The Frontier had arrived at the Foinaven field, west of Shetland, on Wednesday to assist the mobile oil rig Stena Dee, chartered by BP. Greenpeace, which is campaigning against oil exploration in Foinaven, has for a week prevented the platform from reaching BP's floating oil storage and production vessel in the area.

The launch skipper's request to come aboard the MV was all but drowned out by the protesters' jeers and a continuous blast from the ship's horn.

As dinghies from the MV tried to push the launch away, other activists trained fire hoses on the five-man crew. One of the five tried to throw some sheets of paper on to the Greenpeace ship before the launch sped off into the fog.

The activists would not retrieve the paper, which had missed the deck and fallen into the sea. They thought it might be an injunction against their presence in Foinaven. "If we don't touch it, we don't know anything about it," said one of the activists.

The Greenpeace ship's crew has had to respond to many similar late night visits during the campaign. They are also prepared to enter the chilly North Atlantic waters at a moment's notice if the Stena Dee begins once again to move towards its destination.

Some of the protesters, particularly the younger volunteers such as students Amber and Janine, are eager to work all hours. But the strain seems to be telling on others.

Gillie, the radio operator, was in a dinghy which circled the rig for most of Thursday night. When I arrived at the platform at about 6am she was lying on the floor of the boat.

She has been on board the MV for four and a half months as it has moved from one North Atlantic field to another. "I'm not at my best right now," she said. Another of the Greenpeace team said: "When I joined the ship two weeks ago I thought I was coming out to do a whale and dolphin survey. But this is exactly what I want to be doing."

## Loyal supporters pick up fallen Cherries

Community spirit pitches in to help revive the fortunes of a moribund soccer club

You can do only so much with a brush and a coat of paint. It cannot hide the fact that the main stand at Dean Court, home of the AFC Bournemouth soccer club on the south coast of England, saw its best days at the 1923 Empire Exhibition, whence it came.

Yet against Wigan today, in this season's first home league fixture for the red-shirted "Cherries", the rusty and ramshackle shed will be full to bursting. The near death of the club last season and its subsequent revival is a reminder of the fate that could await many smaller clubs while their more famous Premier League counterparts reap the rewards of soccer's surge in popularity.

In January, it was in free fall, when Lloyds Bank forced the club into administrative receivership. It was more than \$4m (\$6.5m) in debt, of which \$2.5m was owed directly to the bank.

The debts had accumulated over 10 years, beginning with a \$185,000 overdraft negotiated in 1987. Even without interest payments, by the middle of last season the debt was increasing by \$50,000 a week. For an outfit whose average gate was little more than 4,000 and which sold fewer than 400 replica shirts in a season, this was a debt that had moved beyond redemption.

When the receiver arrived,



Gripping tension for Cherries' fans as they hope to see the fortunes of AFC Bournemouth revive both on and off the pitch

a tale unfolded of a club in chaos. In spite of its penny, Bournemouth had ridiculously lax accounting procedures. One entrance to the ground was not logged into the computer system and all money from that gate was lost. "We call it Traitors' Gate and we have no idea

into whose pocket that money went," said Mr Martin Watkins, the new chairman. Some floodlights pointed in the wrong direction so that, when the lights were on, parts of the pitch remained in shade.

The club's immediate demise was staved off by an

appeal to supporters which raised \$500,000. Yet this was still not enough to pay the debts and allay the bank's fears.

A new club structure was needed and this was established by six long-standing fans including Mr Watkins, who formed AFCB Commu-

nity Club, a private limited company with 12m shares. Mr Watkins, a lawyer, and another fan who is a tax consultant, were named as trustees.

A deal was struck with Lloyds whereby the company would pay back \$1.4m debt, with \$100,000 due

## Talks with France on truckers turn sour

By Helig Simonson and George Parker

The hopes of British road hauliers for compensation for last November's blockade by French truckers were disappointed yesterday. The government confirmed that negotiations with the French had turned sour. The blockades, which lasted 10 days, left truckers from many countries stranded in France.

The British government's transport department told truckers that attempts to claim damages from the French authorities had run into difficulties. Haulage companies considering appealing against disallowed claims were told in a letter from the department to drop their attempts for the time being, while operators whose vehicles were stranded outside France were told their claims would be invalid.

The department said offi-

cialists would try to reopen negotiations with the French by next month to establish a new and clearer set of rules under which hauliers could demand compensation. "Our efforts are far from dead and we are actively pursuing the claims of British hauliers", the department said. However it admitted that previous French information had been partial and at times contradictory while some French prefectures had not followed correct procedures.

The department advises hauliers that "there seems little point in responding to further letters [from the French] until new talks are set up. For those already appealing, the department says: "We would suggest that you withdraw that appeal, or simply allow it to fall by taking no further action on it, and instead submit a fresh claim."

The letter came as no surprise to many hauliers, who

have been complaining for months about the slow pace at which compensation claims have been processed in France. The UK Road Haulage Association, which has 10,000 members with about 100,000 vehicles, said the situation was farcical and had severely affected the livelihood of some members.

The association said that, of 900 claims submitted by members, only three had so far led to offers of compensation, and only one of those had been acceptable.

The government faces stiff opposition from motorist groups over proposals which could lead to local cars being banned from busy sections of some motorways in an effort to ease the flow of long-distance commercial traffic.

The AA motorists' organisation said the impact of such a move would be "horrendous" for motorists and the environment.

## Ireland harmonises main rail link

Joint venture between north and south offers powerful symbolism

Just a few weeks after the Irish Republican Army attacked two suburban trains in Northern Ireland, two Irish rail companies are launching a high speed service between Belfast in the north and Dublin, the capital of the republic.

The companies are Northern Ireland Railways and Iarnród Éireann, the national rail company of the republic. With a new IRA ceasefire in place for less than a month, the service will be launched on September 1, eventually cutting commuter times between Ireland's two largest cities by an hour from the present 2 hours 20 minutes.

Both companies will share the same logo, the same livery and the same staff. The fares structure is already harmonised, with the ticket office in Belfast accepting Irish pounds at parity - much to the current discomfort of Northern Ireland Railways in the light of sterling's recent gains.

Officials insist that the

The US State Department has approved a visa for Mr Gerry Adams, the president of Sinn Féin, the political wing of the Irish Republican Army. Mr James Rubin, a State Department spokesman, said the approval was a response to the latest IRA ceasefire. Ms Madeleine Albright, the US secretary of state, had approved the visa request, which was lodged in Dublin on August 11. There would be no restrictions on Mr Adams raising funds in the US. Mr Adams intends to visit Washington and New York next month. With him will be Mr Martin McGuinness, the party's chief negotiator, and Mr Columkilleigh Ó Coiláin, the party's lone member of the parliament of the Republic of Ireland.

decision to pool resources in this way was taken for marketing rather than political reasons. But the sign of the main rail link on this divided island again under a common management has an obvious symbolism.

The north-south rail link was operated until 1983 by a single company, the privately owned Great Northern Railway, which was based in Dublin. The route was then taken over by the two governments and later split between the two present rail companies.

The long overdue improvement is costing \$120m

(\$190m), 75 per cent funded by the European Commission, and is part of the Trans European Networks project. It was devised in 1990 - the year when the IRA closed the line for three weeks, forcing Northern Ireland Railways to invest in buses.

Traffic has closely mimicked Northern Ireland's turbulent political fortunes, with passenger numbers rising from a low of 250,000 in 1976 to more than 600,000 in 1996, the first full year of the IRA ceasefire.

"The economics of terrorism are such that, even with our old ramshackle trains,

John Murray Brown

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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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Saturday August 16 1997

## A question on jobs

Whatever their grades, the 200,000 UK pupils who received their A-level results this week are now facing better employment prospects than at any time this decade.

At least it looks that way. UK unemployment has fallen to 5.5 per cent of the workforce, the lowest since the last trough in 1990, according to official figures this week. Vacancies are at their highest for two decades. And, even better news for the A-level cohort, companies report acute shortages of people with special skills.

But can it last without falling into the old familiar cycle of inflation, and eventual recession? This is the question now facing economic policymakers not only in the UK, but also in the US, where a buoyant wage market and subdued wage pressures pose a similar dilemma.

The puzzle facing the authorities on both sides of the Atlantic is this: unemployment has now fallen to levels which, in recent years, would have sent the economy careering into another rise on the inflationary switchback.

In the US, the rate of unemployment at which inflationary warnings start to flash was thought in the early 1970s to be as high as 8 per cent. This year it has been put at around 5½ per cent. But unemployment in July was down to 4.8 per cent without triggering the alarms. And it seems set to fall further into the danger zone.

In the UK, the signals are harder to read, because of the much larger swings between boom and bust during the last two decades. It is correspondingly even more important to read them right. In its Inflation Report this week, the Bank of England remarks ominously that "measures of labour market tightness are as high now as at any time in the late 1980s cycle".

### Blooming economy

And everybody knows what happened that time round. The A-level students emerging into a blooming economy in 1969 found, when they left university three years later, that unemployment had almost doubled while on every side, corporate doors were being slammed shut. This happened because scarcely anyone predicted the inflationary consequences of the go-go economy of the late 1960s. And when the authorities did react with higher interest rates, it was too late.

Yet despite this precedent,

which City analysts continue to hold up as an awful warning, the Bank said this week that it did not want to pour any more cold water on the economy. The rise in interest rates to 7 per cent which it announced on August 7 would be the last for some while. The Bank would wait to see whether the economy was cooling of its own accord.

### Musing aloud

This pause is in an important way similar to that in the US, where Mr Alan Greenspan, chairman of the Federal Reserve, has been musing aloud as to whether a new relationship between unemployment and inflation is emerging. He has said much more explicitly than the Bank of England that he does not want to tighten monetary policy as long as the economy seems able to grow robustly (and create more jobs) without exciting wage pressures.

Nobody knows for sure whether the US has been able to shift gears without strain on the economic engine. If so, the Fed thinks there may be three main reasons: sharper competition following the deregulation of industries such as telecommunications; fear of the sack, which has made workers more docile; and a better use of computer technologies to increase productivity and make production more flexible.

These changes could all help to subdue prices, and the first two, particularly, could be at work in the UK. Britain's labour force was severely cowed by the lay-offs of the early 1990s. More important, it has in recent years become used to average earnings rises of about 4½ per cent – little more than half the rate it expected even during recession in the previous decade.

Acceptance of lower wages rises is much easier, of course, if wage earners feel confident that inflation will not rear up yet again and wipe out their gains. The last inflationary surge in the UK – to an annual rate of more than 10 per cent – happened only seven years ago. Much now depends on whether the Bank can convince everyone that it will not allow this to happen again. Then perhaps the UK will at last be able to absorb the low-inflation psychology of the US and reap the benefits of still lower unemployment.

If people sell their labour at a reasonable price, do more of it, more get hired? Discuss – using one side of the paper only.

Since the start of the year, the 50 highest companies in the US's S&P 500 index have accounted for half the market's dramatic rise. According to the Bank Credit Analyst, a Montreal-based publication, a mania has taken hold, in which prices of the largest companies have been pushed far beyond levels justified by their earnings performance.

Meanwhile, small and medium-sized companies, the chief generators of jobs in the economy, are suffering from neglect by investors. Not only have stocks on Wall Street become polarised between big and small, the US obsession with large capitalisation stocks has spilled over into the rest of the world's markets.

In the past it was generally reckoned that smaller companies produced superior earnings and higher share prices during bull markets. Come the bear market, there was usually a flight to quality. Investors diverted funds towards the large, more stable companies that tended to have stronger balance sheets.

This time the smaller companies have failed to come through. So something fundamental appears to have changed in the way equity markets work. Is the new two-tier market likely to be a permanent phenomenon? And are the forces that are causing markets to polarise in Europe the same as those in the US?

To answer those questions, first consider how the pattern of funds flowing into the US capital markets has changed. Since 1986, when the Tax Reform Act enhanced the attraction of Section 401K pension plans, the amount of pension money flowing into mutual funds has increased rapidly. In the present decade alone, mutual funds have grown from about \$600bn to more than \$2,300bn (£1,411bn).

This build-up has been accompanied by a marked shift in asset allocation. More than half the industry's investments are in equities, compared with only 22 per cent in 1986. As Mr David Hale, of Chicago-based Zurich Kemper Investments, remarks, the powerful and unrelenting nature of the bull market owes much to this dramatic shift in the composition of the US's retirement savings.

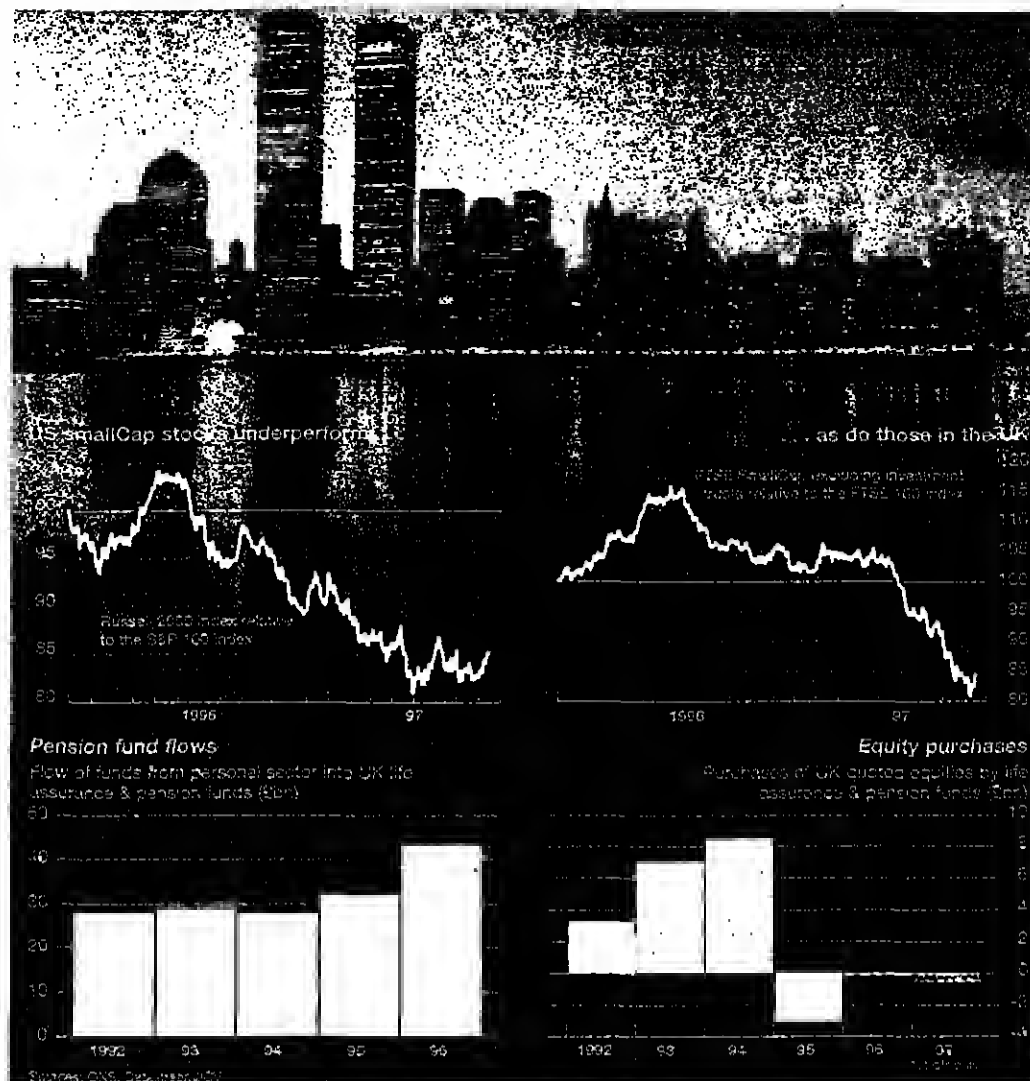
In effect, the market is becoming institutionalised as private individuals reduce their direct exposure to equities in order to take advantage of tax-privileged forms of ownership. The resulting concentration of funds in the hands of professional fund managers must, other things being equal, create a greater bias in favour of larger-cap stocks.

A peculiarity of professional investment management is the efficiency with which it can turn a bias into a self-feeding mania. First comes the perception that the stocks of large companies are outperforming the market, much as they did in the days of the so-called "solid fifty" stocks in the late 1980s and early 1990s. Then, as Mr Hale points out, hedge funds seek to exploit this by selling unit trusts that focus exclusively on the 10-15 largest multinational companies.

These funds have attracted nearly \$20bn, adding pressure adds to the large-cap mania.

# Stock market splits

John Plender on why attitudes to large and small companies differ



Fund managers who fear a market correction further concentrate their holdings in big companies because they are liquid and easier to sell in the event of trouble.

To round off the picture, "tracker funds" (which follow the index) automatically reinforce this trend by increasing their exposure to large-cap stocks to match the index. The giddy process becomes self-perpetuating until the market cracks. Then, the largest companies suffer disproportionately.

Among small stocks, initial public offers of equity have multiplied largely in response to demand from the mutual funds. Yet the buyers' own enthusiasm works against them. Mr Thomas McManus of NatWest Securities in New York has argued that the potential outperformance of dynamic young companies is now captured in record prices on flotation. The superior returns are thus being appropriated by entrepreneurial managers, instead of investors.

None of this means the enthusiasm for large company stocks is devoid of fundamental justification. An analysis of the two-tier market in the latest issue of the Bank Credit Analyst says total earnings per share for the largest 44 multinationals in the S&P 500 have climbed sharply over the past four years relative to the index as a whole.

Profit margins of the very largest companies have doubled since 1993, apparently reflecting productivity improvements. The benefit of cost-saving technology has been concentrated among the larger companies.

In a disinflationary environment smaller companies have little pricing flexibility and may be vulnerable to rising labour costs in the US. In contrast, multinationals can diversify costs and revenues around the world.

The two-tier market has been a reality in the US since 1994. Elsewhere, including the UK, it has

become apparent mainly this year (see charts). According to James Montier of NatWest Securities in London, the bottom quartile of the stock market's capitalisation has underperformed the overall index in 22 of the 28 markets in the FT/S&P indices. The polarisation was greatest in the UK, France and the Netherlands, while Germany has been a notable exception to the under-performing small-cap rule.

The arguments about the global competitive advantage of big companies are as relevant in Europe as in the US. If Germany is an odd-man-out, it means little because the stock market is so unrepresentative of German industry and commerce. But other factors are also at work.

In the UK, for example, the big capitalisation stocks that have driven the market this year are either immune from sterling's strength, or still have global pricing power. Many of the most sterling-sensitive stocks, points out Mr Montier, are in the FTSE 250

index rather than the FTSE 100.

Equally important, the flow of funds into the different markets is affected by differing structural features. If the polarisation in the UK is particularly marked, for example, it is because the identity of the marginal buyer in the equity market has recently changed.

Having been the biggest buyers of shares in the system since the war, the pension funds have become mature and are now disinvesting in equity. In 1995 and 1996 they sold nearly £13.5bn of company securities and bought about £14bn of gilts. While private individuals continue to sell, the biggest buyers (apart from companies buying shares via takeovers) have been overseas investors.

Official statistics show that foreigners have taken their share of UK quoted equities from 12.4 per cent of the total market at end-1991 to 18.4 per cent in March this year. By far the biggest buyers have been US funds. Their preference for large liquid stocks has put a firm imprint on the UK market.

There has also been buying pressure in large-cap stocks from within the UK. Many of the big domestic fund management groups missed out on the boom earlier in the year and have been so seared by the experience that they are now afraid of investing too little in big companies.

Part of the US inflow represents long-term portfolio diversification. Much of it, however, is more volatile mutual fund money. That suggests that it would not take much to put the polarisation process into reverse.

A hint of what could happen emerged yesterday when HSBC – the international banking and financial services organisation – the most impressive of the financial sector's large-cap performers this year, went into reverse, losing about 8 per cent of its market capitalisation. While the FTSE 100 index tumbled, the small and mid-cap indices rose.

Nor is it clear that small UK companies are subject to a fiercer margin squeeze than they have suffered in the past. Matthew Oakeshott of the independent fund management group OLIM says there is no hard evidence that large UK companies are growing faster than small; and unlike large companies, the small ones are less exposed to the sterling squeeze. He believes the large-cap bandwagon has rolled too far and that for contrarian investors smaller companies are attractively cheap at this point in the cycle.

Certainly the US enthusiasm for larger companies looks fadish. Anyone who pursued this philosophy in 1992 would have missed out on the rise in Intel's market capitalisation from a mere \$12bn to \$157bn today. But they would have suffered from Wal-Mart's lacklustre performance: it rose only from \$64bn to \$81bn over the same period.

It remains a peculiar feature of the bull market that investors will pay silly prices for bonds in the shakiest countries and companies while ignoring value in the equity of sound small and medium-sized companies. Markets exist to iron out such anomalies – and in due course they surely will.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### Expected future cash flows behind current stock market strength

From Mr Patrick Foley.

Sir, Mike Gledoye, in his Personal View (August 15), seeks to explain current stock market strength by the rapid growth of companies' free cash flow in recent years.

It is certainly the case that there is a link between stock prices and free cash flow. A company's value is, after all, equal to the net present value of current and all future expected free cash flows.

But prices will depend more on those expected future flows than on today's.

A simple example illustrates this. Suppose that expectations develop of a slowdown in economic growth. This would be

likely to weaken the equity market. But it would also be likely to make companies more cautious of new investment, thereby temporarily boosting free cash flow. Current free cash flow rises, but the equity market falls, this fall being due to revised expectations about future cash flows.

Current free cash flow is likely to be as poor a predictor of stock prices as current earnings per share, for the same reason – failure to incorporate expectations of future performance.

It is only when current cash flows are highly correlated with expected future cash flows (for instance, if cash flows are expected to grow at a constant rate) that the former will offer much

explanation of share prices. This particular dog's behaviour is determined not only by today's meal but also by what he expects to get tomorrow and thereafter.

In this world, it is only if free cash flow growth continues pleasantly to surprise the market that share prices will sustain recent growth, and even then only when such surprises cause expectations for future cash flow to rise.

Patrick Foley,  
group economic adviser,  
Lloyds TSB Group,  
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71 Lombard Street,  
London, EC3P 3BS,  
UK

### Arafat may be powerless

From Mr Masoud Derhalhy.

Sir, The aftermath of the bombing in the Jerusalem market has put pressure on Mr Yasser Arafat to prevent terrorist attacks. But when Mr Yitzhak Rabin headed the Israeli government, terrorist attacks were also prevalent. If Mr Arafat could have prevented such attacks from taking place, surely he would have done so while Mr Rabin was in power and the Palestinians had the greatest hopes for their own state.

The current Israeli government should acknowledge that Mr Arafat may not have the power to prevent terrorism. The Palestinian leader does not enjoy the luxury of an Israeli-style security network. The Palestinian Authority does not possess the infrastructure of a nation-state; at most it is reminiscent of a municipality.

If Benjamin Netanyahu's government does not want an Islamic "terrorist state" on its doorstep, it should abstain from the drastic measures it has adopted in recent days. Placing Palestinian towns under siege will only fuel further violence and resentment.

This will only further marginalise Mr Arafat. If Israel wants a partner in a lasting peace settlement, it should pursue a policy of inclusion rather than one of exclusion.

Masoud Derhalhy,  
masters student,  
School of Oriental and  
African Studies (SOAS),  
University of London,  
189-205 Pentonville Road,  
London N1 9NF, UK

### Privatisation an answer for the church

From Mr Mark Bernkopf.

Sir, Re disestablishment of the Church of England (Joe Rogaly: "Defender of the faith – or the coffers?", August 9/10) – I say, high time. Let the high churchers "pope", the low churchers become Unitarian, and, as for the rest, let 'em turn Presbyterian or dissent.

My British mother told me about the unwarranted suffering of Princess Margaret because the Church establishment refused to countenance her marriage to Group Captain Peter Townsend, because he was divorced. If she'd been allowed to marry Capt Townsend, maybe she wouldn't have become divorced herself. There is an alternative to disestablishment – much in keeping

with your free-marketising socialist government – privatisation. You know that high-living, well-tailored, free-marketiser Labourite barrister who's trimming costs at British Airways? Why not appoint him supreme governor of the Church of England?

He could sell off Lambeth Palace and all the vicarages, make most of the priests redundant, and savage the (surviving) clergy's benefits. I'm sure that the Americans – the Episcopalians – wouldn't mind. They cut off most ties back in 1789.

Mark Bernkopf,  
4001 North 9th Street,  
Suite 1110, Arlington,  
Virginia 22203-1964, US

From Mr Robert Beech.

Sir, I refer to Joe Rogaly's column, "Defender of the faith – or the coffers?", in which he discusses the possibility of a remarried king being head of the church.

Should not all such discussions be based on the fact that the very *raison d'être* for the founding of the Church of England was to allow the sovereign to divorce and remarry? Furthermore, the ruler of the church was to be the sovereign, not a theologian.

Or is my history at fault?

Robert Beech,  
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"The bottom line is that they will not be able to protect someone indicted for war crimes," the Nato-led



# Tokyo to offer coffee futures

## MARKETS REPORT

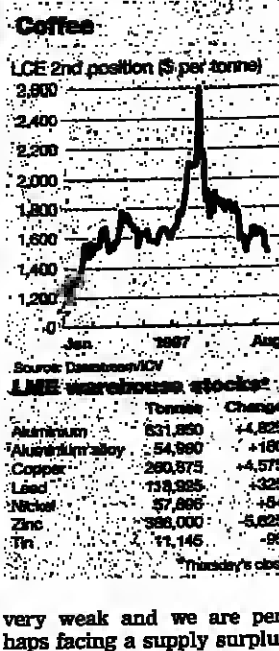
By Gary Mead

It was an inauspicious day for the Tokyo Grain Exchange to announce it will offer both arabica and robusta coffee futures contracts, when it launches a yen-based coffee future contract - details of which are expected to be finalised next month - as it coincided with an accelerating downward move in London and New York, the world's two leading coffee futures contracts. "You can see the logic. South-east Asia is now a major robusta producing region. But a robusta futures contract set up in Singapore three years ago trades ridiculously low levels. Getting the liquidity going is very difficult," said one London analyst.

Mr Lawrence Eagles, coffee analyst with GNI, added: "You have to remember that the London and New York coffee contracts are not big markets. I don't think the TGE will have the necessary liquidity to get going."

On the coffee, Sugar and Cocoa exchange in New York early trading saw the September arabica future reach a three-week low of 175.25 cents a pound, though it picked up slightly later, to 179.50 cents, down 5.05 cents a pound.

Meanwhile on the London International Financial Futures Exchange the same month contract, for robusta, slumped by 28 to close at \$1.487 a tonne. "It's a very difficult situation at the moment," said Mr Eagles. "Technically it's looking



LME 2nd position (\$ per tonne)

very weak and we are perhaps facing a supply surplus for the next crop year. We're probably still on a downward path," he added.

Other commodity markets were also softer, with three-month copper prices on the London Metal Exchange reaching their lowest since February. The base metal moved into contango - when the cash price is beneath that for future months - for the first time in almost a year, a clear indication that the recent squeeze in the market is now easing. Traders said stocks in LME warehouses - up 145,000 tonnes this year - and the northern hemisphere's summer slowdown were both significant factors in the changed mood. By the end of the afternoon's "kerf" trading copper's three-month price was \$53 lower, at \$2,213 a tonne.

## WEEKLY PRICE CHANGES

|                        | Latest prices | Change on week | Year on year | 1997      |
|------------------------|---------------|----------------|--------------|-----------|
| Gold per troy oz.      | \$324.55      | -1.00          | \$387.70     | \$388.65  |
| Silver per troy oz.    | \$278.00      | -2.50          | \$288.95     | \$301.10  |
| Aluminium 99.7% (cash) | \$1,734.5     | -36.5          | \$1,778.5    | \$1,787.5 |
| Copper Grade A (cash)  | \$2,213.5     | -73.5          | \$2,285.5    | \$2,288.5 |
| Lead (cash)            | \$865.5       | -7.5           | \$865.0      | \$875.5   |
| Nickel (cash)          | \$865.5       | -2.5           | \$875.0      | \$882.0   |
| 20% SHD (cash)         | \$1,082.5     | -12.5          | \$1,077.5    | \$1,084.5 |
| Tin (cash)             | \$3,570.0     | -18.0          | \$3,570.0    | \$3,570.0 |
| Cocoa Futures Sep      | \$1,002.0     | -18.0          | \$1,002.0    | \$1,002.0 |
| Coffee Futures Sep     | \$1,147.0     | -12.0          | \$1,147.0    | \$1,147.0 |
| Sugar (LDP Raw)        | \$282.70      | +0.40          | \$302.00     | \$311.00  |
| Barley Futures Sep     | \$278.25      | -1.50          | \$310.00     | \$310.00  |
| Wheat Futures Sep      | \$34.50       | -0.50          | \$34.50      | \$34.50   |
| Cotton Outlook A Index | \$1.45        | -0.05          | \$1.45       | \$1.45    |
| Wool (64 Super)        | \$43.00       | +18.00         | \$43.00      | \$43.00   |
| Oil (Brent Blend)      | \$18.92       | +0.25          | \$18.90      | \$18.95   |

For more information contact: P. Pennington, C. Smith, B. S. S.

## WORLD BOND PRICES

# Prices slip in thin trading

## MARKETS REPORT

By Edward Luce in London and John Labate in New York

European government bond and US Treasury prices all fell yesterday on generally thin trading but sharp volatility.

German bund futures led the decline in Europe with many of the other markets, including Spain, France and Italy, on holiday.

With a turnover of just 77,000 contracts on Liffe, analysts attributed little significance to the fall in German bund futures yesterday. Daily turnover is usually around 200,000 contracts. The September futures contract fell by 0.21 to close at 102.14 in London.

"We shouldn't read too much into this market volatility over the last week," said Mr Nigel Richardson, chief bond researcher at Yamaichi in London. "Volumes are low and it's the silly season as well."

The markets, nevertheless, are looking ahead to the meeting of the Bundesbank council next Thursday which many expect will result in a rise in the German repo rate from its current low of three per cent.

German M3 - or broad money - data for July is also expected on Wednesday.

"The Bundesbank itself half-expects M3 growth to accelerate so we will be watching the figures closely," said Ms Sharda Persaud, Ecu economist at Paribas in London. Analysts also predict a strong showing in the life business confidence survey which would also add to speculation about an interest rate increase on Thursday.

UK gilts also fell yesterday in line with US Treasury prices during morning trading.

Economists said the market was expecting next Wednesday's data to show UK retail prices growing by 0.4 per cent in July. Anything higher than 0.6 per cent growth would spark a sharp sell-off.

"All the risk is on the upside," said Mr Richardson. UK gilt futures fell by 1/8 to close at 114 1/8 in London on thin trading. The spread of cash gilts over bunds remained steady at 151 basis points.

US Treasury prices plunged in moderate morning volume before recovering somewhat.

By early afternoon the benchmark 30-year Treasury bond was down 1/8 at 97 1/8, sending the yield higher at 6.574 per cent.

Shorter-term issues also came under selling pressure as the two-year note slid 1/8 at 100, to yield 5.873 per cent and the 10-year note also fell 1/8 at 98 1/8, yielding 6.261 per cent.

"It's been a very choppy week," said Mr David Ginn, market strategist at Donaldson, Lufkin & Jenrette.

Treasury investors received a double-shot of good news on inflation as July figures for producer and consumer prices reported inflation continued to be tame.

Weakness in the dollar, however, led to lower prices. Friday's losses came as the dollar fell against the D-Mark, as the Dow Jones Industrial Average also moved lower.

Consumer confidence was reported to have declined in July, according to a report by the University of Michigan. The index was reported to have fallen from 107.1 to 102.8, and consumer expectations also declined for the month.

Given the low inflation news, most analysts expect the Federal Reserve to hold the line on interest rates when it meets next week.

## COMMODITIES AND AGRICULTURE

### BASE METALS

#### LONDON METAL EXCHANGE

(Prices in American dollars per tonne)

| Aluminium 99.7% purity | Open    | High    | Low     | Settle  |
|------------------------|---------|---------|---------|---------|
| Close                  | 1734.5  | 1734.5  | 1734.5  | 1734.5  |
| Previous               | 1771.25 | 1771.25 | 1771.25 | 1771.25 |
| High/Low               | 1771.25 | 1771.25 | 1771.25 | 1771.25 |
| AM Official            | 1729.30 | 1729.30 | 1729.30 | 1729.30 |
| Kerb close             | 1729.30 | 1729.30 | 1729.30 | 1729.30 |
| Open int.              | 293,028 | 293,028 | 293,028 | 293,028 |
| Total daily turnover   | 80,550  | 80,550  | 80,550  | 80,550  |

#### ALUMINIUM ALLOY (\$ per tonne)

| Close                | Open    | High    | Low     | Settle  |
|----------------------|---------|---------|---------|---------|
| 1482.57              | 1510.12 | 1510.12 | 1510.12 | 1510.12 |
| Previous             | 1482.57 | 1482.57 | 1482.57 | 1482.57 |
| High/Low             | 1482.57 | 1482.57 | 1482.57 | 1482.57 |
| AM Official          | 1475.85 | 1475.85 | 1475.85 | 1475.85 |
| Kerb close           | 1475.85 | 1475.85 | 1475.85 | 1475.85 |
| Open int.            | 5,548   | 5,548   | 5,548   | 5,548   |
| Total daily turnover | 1,155   | 1,155   | 1,155   | 1,155   |

#### LEAD (\$ per tonne)

| Close                | Open    | High    | Low     | Settle  |
|----------------------|---------|---------|---------|---------|
| 805.6                | 816.17  | 816.17  | 816.17  | 816.17  |
| Previous             | 805.6   | 805.6   | 805.6   | 805.6   |
| High/Low             | 805.6   | 805.6   | 805.6   | 805.6   |
| AM Official          | 804.045 | 804.045 | 804.045 | 804.045 |
| Kerb close           | 804.045 | 804.045 | 804.045 | 804.045 |
| Open int.            | 36,006  | 36,006  | 36,006  | 36,006  |
| Total daily turnover | 8,838   | 8,838   | 8,838   | 8,838   |

#### NICKEL (\$ per tonne)

| Close                | Open    | High    | Low     | Settle  |
|----------------------|---------|---------|---------|---------|
| 8586.70              | 8586.70 | 8586.70 | 8586.70 | 8586.70 |
| Previous             | 8586.70 | 8586.70 | 8586.70 | 8586.70 |
| High/Low             | 8586.70 | 8586.70 | 8586.70 | 8586.70 |
| AM Official          | 8570.75 | 8570.75 | 8570.75 | 8570.75 |
| Kerb close           | 8570.75 | 8570.75 | 8570.75 | 8570.75 |
| Open int.            | 56,008  | 56,008  | 56,008  | 56,008  |
| Total daily turnover | 13,974  | 13,974  | 13,974  | 13,974  |

#### TIN (\$ per tonne)

| Close                | Open    | High    | Low     | Settle  |
|----------------------|---------|---------|---------|---------|
| 3385.75              | 3410.20 | 3410.20 | 3410.20 | 3410.20 |
| Previous             | 3385.75 | 3385.75 | 3385.75 | 3385.75 |
| High/Low             | 3385.75 | 3385.75 | 3385.75 | 3385.75 |
| AM Official          | 3381.52 | 3381.52 | 3381.52 | 3381.52 |
| Kerb close           | 3381.52 | 3381.52 | 3381.52 | 3381.52 |
| Open int.            | 15,823  | 15,823  | 15,823  | 15,823  |
| Total daily turnover | 2,970   | 2,970   | 2,970   | 2,970   |

#### ZINC, special high grade (\$ per tonne)

| Close                | Open    | High    | Low     | Settle  |
|----------------------|---------|---------|---------|---------|
| 1633.38              | 1578.17 | 1578.17 | 1578.17 | 1578.17 |
| Previous             | 1633.38 | 1633.38 | 1633.38 | 1633.38 |
| High/Low             | 1633.38 | 1633.38 | 1633.38 | 1633.38 |
| AM Official          | 1637.98 | 1637.98 | 1637.98 | 1637.98 |
| Kerb close           | 1637.98 | 1637.98 | 1637.98 | 1637.98 |
| Open int.            | 94,480  | 94,480  | 94,480  | 94,480  |
| Total daily turnover | 35,378  | 35,378  | 35,378  | 35,378  |

#### COPPER, grade A (\$ per tonne)

| Close                | Open    | High    | Low     | Settle  |
|----------------------|---------|---------|---------|---------|
| 2244.48              | 2248.50 | 2248.50 | 2248.50 | 2248.50 |
| Previous             | 2244.48 | 2244.48 | 2244.48 | 2244.48 |
| High/Low             | 2244.48 | 2244.48 | 2244.48 | 2244.48 |
| AM Official          | 2232.63 | 2232.63 | 2232.63 | 2232.63 |
| Kerb close           | 2232.63 | 2232.63 | 2232.63 | 2232.63 |
| Open int.            | 141,139 | 141,139 | 141,139 | 141,139 |
| Total daily turnover | 67,698  | 67,698  | 67,698  | 67,698  |

#### LME AM Official 2% rates: 15870

LME Closing 2% rate: 1.6125

Sep 15870 1 mlt: 12.00 3 mlt: 1580 9 mlt: 1587

#### HIGH GRADE COPPER (COMEX)

| Settle               | Open   | High   | Low    | Settle |
|----------------------|--------|--------|--------|--------|
| 103.80               | 103.80 | 103.80 | 103.80 | 103.80 |
| Previous             | 103.80 | 103.80 | 103.80 | 103.80 |
| High/Low             | 103.80 | 103.80 | 103.80 | 103.80 |
| AM Official          | 103.80 | 103.80 | 103.80 | 103.80 |
| Kerb close           | 103.80 | 103.80 | 103.80 | 103.80 |
| Open int.            | 103.80 | 103.80 | 103.80 | 103.80 |
| Total daily turnover | 103.80 | 103.80 | 103.80 | 103.80 |

#### PRECIOUS METALS

##### LONDON GOLD MARKET

(Price supplied by N M Rothschild)

| Gold (Troy oz) | Settle | Open   | High   | Low    | Settle |
|----------------|--------|--------|--------|--------|--------|
| 1000           | 324.55 | 324.55 | 324.55 | 324.55 | 324.55 |
| 1000           | 324.55 | 324.55 | 324.55 | 324.55 | 324.55 |
| 1000           | 324.55 | 324.55 | 324.55 | 324.55 | 324.55 |
| 1000           | 324.55 | 324.55 | 324.55 | 324.55 | 324.55 |
| 1000           | 324.55 | 324.55 | 324.55 | 324.55 | 324.55 |

##### US TREASURY

| Settle               | Open   | High   | Low    | Settle |
|----------------------|--------|--------|--------|--------|
| 102.14               | 102.14 | 102.14 | 102.14 | 102.14 |
| Previous             | 102.14 | 102.14 | 102.14 | 102.14 |
| High/Low             | 102.14 | 102.14 | 102.14 | 102.14 |
| AM Official          | 102.14 | 102.14 | 102.14 | 102.14 |
| Kerb close           | 102.14 | 102.14 | 102.14 | 102.14 |
| Open int.            | 102.14 | 102.14 | 102.14 | 102.14 |
| Total daily turnover | 102.14 | 102.14 | 102.14 | 102.14 |

##### US TREASURY

| Settle               | Open   | High   | Low    | Settle |
|----------------------|--------|--------|--------|--------|
| 102.14               | 102.14 | 102.14 | 102.14 | 102.14 |
| Previous             | 102.14 | 102.14 | 102.14 | 102.14 |
| High/Low             | 102.14 | 102.14 | 102.14 | 102.14 |
| AM Official          | 102.14 | 102.14 | 102.14 | 102.14 |
| Kerb close           | 102.14 | 102.14 | 102.14 | 102.14 |
| Open int.            | 102.14 | 102.14 | 102.14 | 102.14 |
| Total daily turnover | 102.14 | 102.14 | 102.14 | 102.14 |

##### US TREASURY

| Settle               | Open   | High   | Low    | Settle |
|----------------------|--------|--------|--------|--------|
| 102.14               | 102.14 | 102.14 | 102.14 | 102.14 |
| Previous             | 102.14 | 102.14 | 102.14 | 102.14 |
| High/Low             | 102.14 | 102.14 | 102.14 | 102.14 |
| AM Official          | 102.14 | 102.14 | 102.14 | 102.14 |
| Kerb close           | 102.14 | 102.14 | 102.14 | 102.14 |
| Open int.            | 102.14 | 102.14 | 102.14 | 102.14 |
| Total daily turnover | 102.14 | 102.14 | 102.14 | 102.14 |

##### US TREASURY

| Settle               | Open   | High   | Low    | Settle |
|----------------------|--------|--------|--------|--------|
| 102.14               | 102.14 | 102.14 | 102.14 | 102.14 |
| Previous             | 102.14 | 102.14 | 102.14 | 102.14 |
| High/Low             | 102.14 | 102.14 | 102.14 | 102.14 |
| AM Official          | 102.14 | 102.14 | 102.14 | 102.14 |
| Kerb close           | 102.14 | 102.14 | 102.14 | 102.14 |
| Open int.            | 102.14 | 102.14 | 102.14 | 102.14 |
| Total daily turnover | 102.14 | 102.14 | 102.14 | 102.14 |

##### US TREASURY

| Settle               | Open   | High   | Low    | Settle |
|----------------------|--------|--------|--------|--------|
| 102.14               | 102.14 | 102.14 | 102.14 | 102.14 |
| Previous             | 102.14 | 102.14 | 102.14 | 102.14 |
| High/Low             | 102.14 | 102.14 | 102.14 | 102.14 |
| AM Official          | 102.14 | 102.14 | 102.14 | 102.14 |
| Kerb close           | 102.14 | 102.14 | 102.14 | 102.14 |
| Open int.            | 102.14 | 102.14 | 102.14 | 102.14 |
| Total daily turnover | 102.14 | 102.14 | 102.14 | 102.14 |

##### US TREASURY

| Settle               | Open   | High   | Low    | Settle |
|----------------------|--------|--------|--------|--------|
| 102.14               | 102.14 | 102.14 | 102.14 | 102.14 |
| Previous             | 102.14 | 102.14 | 102.14 | 102.14 |
| High/Low             | 102.14 | 102.14 | 102.14 | 102.14 |
| AM Official          | 102.14 | 102.14 | 102.14 | 102.14 |
| Kerb close           | 102.14 | 102.14 | 102.14 | 102.14 |
| Open int.            | 102.14 | 102.14 | 102.14 | 102.14 |
| Total daily turnover | 102.14 | 102.14 | 102.14 | 102.14 |

##### US TREASURY

| Settle      | Open   | High   | Low    | Settle |
|-------------|--------|--------|--------|--------|
| 102.14      | 102.14 | 102.14 | 102.14 | 102.14 |
| Previous    | 102.14 | 102.14 | 102.14 | 102.14 |
| High/Low    | 102.14 | 102.14 | 102.14 | 102.14 |
| AM Official | 102.14 | 102.14 | 102.14 | 102    |



CURRENCIES AND MONEY

False moves

MARKETS REPORT  
By Richard Adams

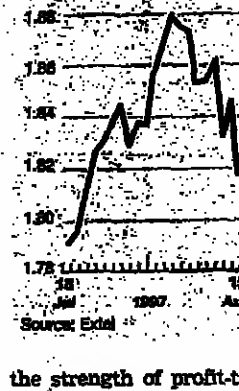
In an inversion of usual events, sterling gained over a cent against the US dollar but was barely changed against the D-Mark in a day of busy trading on the London currency markets yesterday.

With much of Europe closed for public holidays, the movements between the dollar and the D-Mark were exaggerated with the dollar giving up 2.5 pence against the German currency as traders looked to balance their books before the weekend.

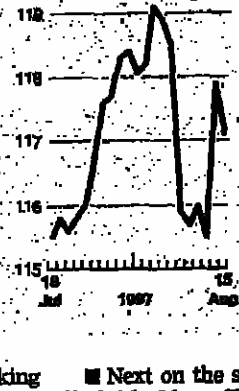
Dealers said the shift of sentiment surrounding future upward movements in German interest rates prompted selling dollars for D-Marks by hedge funds.

The dollar's correction was trading at DM1.818, down from DM1.846. The dollar also dropped by 30.5

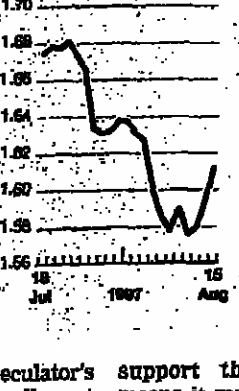
Dollar



Sterling



D-Mark



Source: Reuters

against the yen on the day to ¥117.1.

Against sterling the dollar was \$1.61 exactly, a rise of 1.3 cents. Sterling also closed at DM2.928, little changed from Thursday's final price of DM2.929. The Bank of England's trade-weighted sterling index rose to 102.1.

"It was quiet on the gilt market, but the currency market has been incredibly busy," said a trader in London. "A number of players in New York wanted to sell."

Next on the speculator's list? Mr Marc Chandler, at Deutsche Morgan Grenfell in London, said the Hong Kong dollar has again been under attack.

Mr Chandler points out that the Hong Kong dollar has fallen to its lowest level of the year. Interest rates in the former colony have risen sharply during the week, from 6.5 per cent to nearly 9 per cent.

"Between the Hong Kong and China, officials have a war chest of some \$200bn to support the peg, which means it may be tougher to break than the others," Mr Chandler said.

The volatility of the New Zealand dollar continues, following the decision of the central bank to adopt an exchange rate target against the US dollar.

Using a Canadian-style monetary conditions index, the Reserve Bank has set short-term interest rates rise well over 8 per cent, invert

the yield curve and strengthening the currency, despite its own predictions of a slowing economy.

Yesterday the Reserve Bank sought to answer criticisms of its behaviour, saying there was little evidence its new policy had caused confusion in the markets.

The New Zealand dollar is forecast by J.P. Morgan to depreciate against the US dollar over the second half of the year, from its current 64.1 level yesterday, down to 62 cents by December.

WORLD INTEREST RATES

| MONEY RATES |    | August 15 |    | Over night |    | One month |    | Three months |    | Six months |    | One year |    | Long term |    | Yield |    |
|-------------|----|-----------|----|------------|----|-----------|----|--------------|----|------------|----|----------|----|-----------|----|-------|----|
| Belgium     | 3% | 3%        | 3% | 3%         | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% | 3%        | 3% | 3%    | 3% |
| France      | 3% | 3%        | 3% | 3%         | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% | 3%        | 3% | 3%    | 3% |
| Germany     | 3% | 3%        | 3% | 3%         | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% | 3%        | 3% | 3%    | 3% |
| Ireland     | 8% | 8%        | 8% | 8%         | 8% | 8%        | 8% | 8%           | 8% | 8%         | 8% | 8%       | 8% | 8%        | 8% | 8%    | 8% |
| Italy       | 6% | 6%        | 6% | 6%         | 6% | 6%        | 6% | 6%           | 6% | 6%         | 6% | 6%       | 6% | 6%        | 6% | 6%    | 6% |
| Netherlands | 3% | 3%        | 3% | 3%         | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% | 3%        | 3% | 3%    | 3% |
| Switzerland | 4% | 4%        | 4% | 4%         | 4% | 4%        | 4% | 4%           | 4% | 4%         | 4% | 4%       | 4% | 4%        | 4% | 4%    | 4% |
| US          | 5% | 5%        | 5% | 5%         | 5% | 5%        | 5% | 5%           | 5% | 5%         | 5% | 5%       | 5% | 5%        | 5% | 5%    | 5% |
| Japan       | 5% | 5%        | 5% | 5%         | 5% | 5%        | 5% | 5%           | 5% | 5%         | 5% | 5%       | 5% | 5%        | 5% | 5%    | 5% |

LIBOR FT London  
Interbank Rate - 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5%  
US Dollar 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5%  
ECU London 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5%  
SFR London 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5%

LIBOR interbank rates are offered rates for 30 days quoted to the market by four reference banks at 11am each working day. The banks are Deutsche Bank, Bank of Tokyo, Citicorp, and National Westminster.

Mid rates are shown for the domestic Money Rates, US, UK, ECU & SFR interbank deposits.

EURO CURRENCY INTEREST RATES

| Aug 15           |    | Short term |    | 7 days notice |    | One month |    | Three months |    | Six months |    | One year |    |
|------------------|----|------------|----|---------------|----|-----------|----|--------------|----|------------|----|----------|----|
| Belgium Franc    | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| Danish Krone     | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| German Mark      | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| Dutch Guilder    | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| French Franc     | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| Portuguese Esc.  | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| Spanish Peseta   | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| Swedish Krona    | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| Swiss Franc      | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| US Dollar        | 5% | 5%         | 5% | 5%            | 5% | 5%        | 5% | 5%           | 5% | 5%         | 5% | 5%       | 5% |
| Italian Lira     | 3% | 3%         | 3% | 3%            | 3% | 3%        | 3% | 3%           | 3% | 3%         | 3% | 3%       | 3% |
| Japanese Yen     | 5% | 5%         | 5% | 5%            | 5% | 5%        | 5% | 5%           | 5% | 5%         | 5% | 5%       | 5% |
| South Korean Won | 5% | 5%         | 5% | 5%            | 5% | 5%        | 5% | 5%           | 5% | 5%         | 5% | 5%       | 5% |

Short term rates are for the US Dollar and Yen, others two days' notice.

POUND SPOT FORWARD AGAINST THE POUND

| Aug 15      |        | Closing mid-point |         | Change |       | Bid/offer |         | Day's bid |     | One month |     | Three months |     | Six months |     | One year |     |
|-------------|--------|-------------------|---------|--------|-------|-----------|---------|-----------|-----|-----------|-----|--------------|-----|------------|-----|----------|-----|
| Australia   | (A\$)  | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Belgium     | (Bfr)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Denmark     | (DKr)  | 11.1535           | -0.0007 | 929    | -0.08 | 11.1528   | 11.1535 | 11.1519   | 3.4 | 11.1510   | 3.4 | 11.1491      | 3.4 | 11.1472    | 3.4 | 11.1453  | 3.4 |
| France      | (Ffr)  | 6.7788            | -0.0007 | 929    | -0.08 | 6.7781    | 6.7788  | 6.7764    | 3.3 | 6.7755    | 3.3 | 6.7736       | 3.3 | 6.7717     | 3.3 | 6.7698   | 3.3 |
| Germany     | (M)    | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Greece      | (Dr)   | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Ireland     | (Ir£)  | 1.1013            | -0.0001 | 023    | -0.01 | 1.1012    | 1.1013  | 1.1011    | 0.5 | 1.1010    | 0.5 | 1.1009       | 0.5 | 1.1008     | 0.5 | 1.1007   | 0.5 |
| Italy       | (L)    | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Luxembourg  | (Ffr)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Netherlands | (Gld)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Norway      | (Nkr)  | 12.4730           | -0.0007 | 929    | -0.08 | 12.4723   | 12.4730 | 12.4709   | 3.2 | 12.4700   | 3.2 | 12.4681      | 3.2 | 12.4662    | 3.2 | 12.4643  | 3.2 |
| Portugal    | (Esc)  | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Spain       | (Ptas) | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Sweden      | (Skr)  | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Switzerland | (Sfr)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| UK          | (£)    | 1.0000            | -0.0000 | 000    | -0.00 | 1.0000    | 1.0000  | 1.0000    | 0.0 | 1.0000    | 0.0 | 1.0000       | 0.0 | 1.0000     | 0.0 | 1.0000   | 0.0 |
| USA         | (\$)   | 1.6100            | -0.0000 | 000    | -0.00 | 1.6100    | 1.6100  | 1.6100    | 0.0 | 1.6100    | 0.0 | 1.6100       | 0.0 | 1.6100     | 0.0 | 1.6100   | 0.0 |

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Aug 15      |        | Closing mid-point |         | Change |       | Bid/offer |         | Day's bid |     | One month |     | Three months |     | Six months |     | One year |     |
|-------------|--------|-------------------|---------|--------|-------|-----------|---------|-----------|-----|-----------|-----|--------------|-----|------------|-----|----------|-----|
| Australia   | (A\$)  | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Belgium     | (Bfr)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Denmark     | (DKr)  | 11.1535           | -0.0007 | 929    | -0.08 | 11.1528   | 11.1535 | 11.1519   | 3.4 | 11.1510   | 3.4 | 11.1491      | 3.4 | 11.1472    | 3.4 | 11.1453  | 3.4 |
| France      | (Ffr)  | 6.7788            | -0.0007 | 929    | -0.08 | 6.7781    | 6.7788  | 6.7764    | 3.3 | 6.7755    | 3.3 | 6.7736       | 3.3 | 6.7717     | 3.3 | 6.7698   | 3.3 |
| Germany     | (M)    | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Greece      | (Dr)   | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Ireland     | (Ir£)  | 1.1013            | -0.0001 | 023    | -0.01 | 1.1012    | 1.1013  | 1.1011    | 0.5 | 1.1010    | 0.5 | 1.1009       | 0.5 | 1.1008     | 0.5 | 1.1007   | 0.5 |
| Italy       | (L)    | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Luxembourg  | (Ffr)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Netherlands | (Gld)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| Norway      | (Nkr)  | 12.4730           | -0.0007 | 929    | -0.08 | 12.4723   | 12.4730 | 12.4709   | 3.2 | 12.4700   | 3.2 | 12.4681      | 3.2 | 12.4662    | 3.2 | 12.4643  | 3.2 |
| Portugal    | (Esc)  | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Spain       | (Ptas) | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Sweden      | (Skr)  | 20.892            | -0.013  | 890    | -0.08 | 20.744    | 20.892  | 20.548    | 3.2 | 20.431    | 3.2 | 19.928       | 3.3 | 19.718     | 3.3 | 19.518   | 3.3 |
| Switzerland | (Sfr)  | 2.4415            | -0.0007 | 929    | -0.08 | 2.4408    | 2.4415  | 2.4401    | 3.4 | 2.4391    | 3.4 | 2.4372       | 3.4 | 2.4353     | 3.4 | 2.4334   | 3.4 |
| UK          | (£)    | 1.0000            | -0.0000 | 000    | -0.00 | 1.0000    | 1.0000  | 1.0000    | 0.0 | 1.0000    | 0.0 | 1.0000       | 0.0 | 1.0000     | 0.0 | 1.0000   | 0.0 |
| USA         | (\$)   | 1.0000            | -0.0000 | 000    | -0.00 | 1.0000    | 1.0000  | 1.0000    | 0.0 | 1.0000    | 0.0 | 1.0000       | 0.0 | 1.0000     | 0.0 | 1.0000   | 0.0 |

1. Rates for Aug 14. Bid/offer spread in the Pound Spot table shows only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling rates calculated by the Bank of England. Base average 1990 = 100. Interest rates 1990 = 100. Offer and bid rates in both the Dollar and the Dollar Spot table are shown as bid/offer rates. Some values are rounded to the nearest 0.01.

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CROSS RATES AND DERIVATIVES

| EXCHANGE CROSS RATES |         |       |       |       |       |       |       |       |       |       |       |       |      |      |      |
|----------------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|------|
|                      | Aug 15  | Bfr   | Dfl   | Ffr   | Dmk   | 1936  | 1937  | 1938  | 1939  | 1940  | 1941  | 1942  | 1943 | 1944 | 1945 |
| Belgium              | (Bfr)   | 100   | 18.45 | 18.32 | 18.44 | 1.82  | 4730  | 5.19  | 20.18 | 49.11 | 49.11 | 21.18 | 3.98 | 1.85 | 3.70 |
| Denmark              | (DKr)   | 54.21 | 10    | 8.47  | 8.48  | 0.28  | 2594  | 2.95  | 10.94 | 268.2 | 268.2 | 11.48 | 2.16 | 0.97 | 2.07 |
| France               | (Ffr)   | 61.27 | 11.30 | 11.30 | 11.30 | 0.00  | 2342  | 12.38 | 300.9 | 281.3 | 281.3 | 12.38 | 2.45 | 1.04 | 2.28 |
| Germany              | (DMk)   | 26.85 | 3.08  | 3.12  | 3.11  | 1     | 3.76  | 0.75  | 197.5 | 1.128 |       |       |      |      |      |
| Italy                | (Lira)  | 54.88 | 10    | 10    | 8.958 | 2.658 | 1     |       | 2.596 | 2.984 |       |       |      |      |      |
| Netherlands          | (Gld)   | 2.114 | 0.380 | 0.345 | 0.102 | 0.038 | 10    | 0.116 |       |       |       |       |      |      |      |
| Sweden               | (Kron)  | 16.46 | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10   | 10   | 10   |
| Switzerland          | (Fr)    | 48.75 | 9.74  | 8.900 | 9.240 | 0.903 | 2344  | 2.704 |       |       |       |       |      |      |      |
| Spain                | (Pes)   | 20.38 | 3.756 | 3.32  | 3.986 | 3.71  | 968.1 | 1.111 |       |       |       |       |      |      |      |
| Portugal             | (Pta)   | 24.26 | 4.498 | 3.978 | 1.18  | 0.444 | 1153  | 1.330 |       |       |       |       |      |      |      |
| Greece               | (Dr)    | 47.21 | 8.270 | 7.708 | 2.267 | 0.860 | 2253  | 2.575 |       |       |       |       |      |      |      |
| Yugoslavia           | (SDR)   | 37.50 | 6.825 | 6.127 | 1.308 | 0.450 | 1935  | 1.384 |       |       |       |       |      |      |      |
| Japan                | (Yen)   | 80.44 | 11.15 | 9.855 | 2.898 | 1.101 | 2595  | 3.297 |       |       |       |       |      |      |      |
| Canada               | (Cs)    | 20.71 | 4.984 | 4.408 | 1.300 | 0.492 | 1278  | 1.474 |       |       |       |       |      |      |      |
| USA                  | (S)     | 37.54 | 6.825 | 6.127 | 1.308 | 0.450 | 1778  | 2.048 |       |       |       |       |      |      |      |
| India                | (Rupee) | 40.07 | 5.918 | 5.234 | 1.593 | 0.584 | 1517  | 1.748 |       |       |       |       |      |      |      |
| China                | (Y)     | 32.39 | 7.488 | 6.825 | 1.996 | 0.740 | 1920  | 2.214 |       |       |       |       |      |      |      |



## UNIT TRUSTS

## WINNERS AND LOSERS

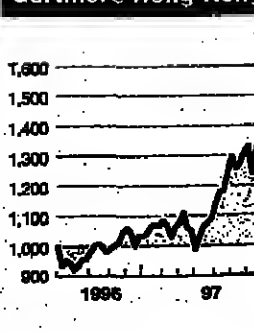
## TOP FIVE OVER 1 YEAR

|                                |       |
|--------------------------------|-------|
| HSBC Hong Kong Growth          | 1,844 |
| Invesco Hong Kong & China      | 1,775 |
| Govett Greater China           | 1,612 |
| Gartmore Hong Kong             | 1,540 |
| Henry Cooke Eastern Enterprise | 1,530 |

## BOTTOM FIVE OVER 1 YEAR

|                              |     |
|------------------------------|-----|
| Old Mutual Thailand Acc      | 453 |
| Save & Prosper Gold & Exp    | 529 |
| F&C Japanese Smaller Cos     | 634 |
| Mercury Gold & General       | 657 |
| Schroder Japan Small Cos Acc | 639 |

## Gartmore Hong Kong



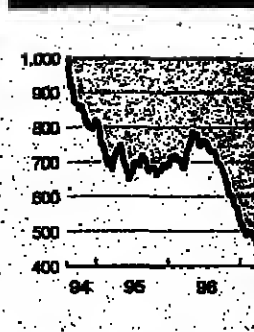
## TOP FIVE OVER 3 YEARS

|                            |       |
|----------------------------|-------|
| Hill Samuel US Smaller Cos | 2,685 |
| Proflite Technology        | 2,624 |
| PM North America Growth    | 2,488 |
| HSBC Hong Kong Growth      | 2,423 |
| Framlington Health         | 2,364 |

## BOTTOM FIVE OVER 3 YEARS

|                               |     |
|-------------------------------|-----|
| Old Mutual Thailand Acc       | 425 |
| Five Arrows Japan Smaller Cos | 484 |
| Govett Japan Strategy         | 515 |
| Friends Prov Japanese Sm Cos  | 519 |
| Fidelity Japan Smaller Cos    | 520 |

## Govett Japan Strategy



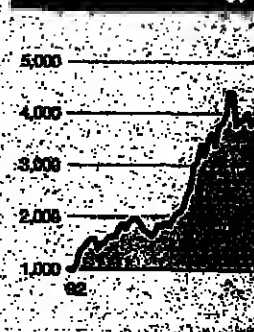
## TOP FIVE OVER 5 YEARS

|                            |       |
|----------------------------|-------|
| HSBC Hong Kong Growth      | 4,842 |
| Proflite Technology        | 4,891 |
| Barclays American Emer Gth | 4,435 |
| PM North America Growth    | 4,269 |
| Hill Samuel US Smaller Cos | 4,192 |

## BOTTOM FIVE OVER 5 YEARS

|                           |       |
|---------------------------|-------|
| Save & Prosper Korea      | 873   |
| Govett Japan Strategy     | 1,149 |
| Govett F&C Cash           | 1,153 |
| Waverley Global Bond      | 1,158 |
| Morgan Gravel Deposit Acc | 1,200 |

## Proflite Technology



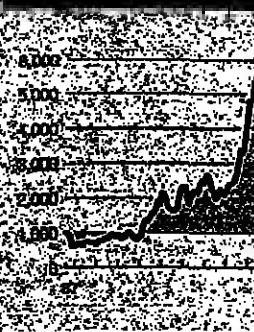
## TOP FIVE OVER 10 YEARS

|                            |       |
|----------------------------|-------|
| Hill Samuel US Smaller Cos | 5,344 |
| Gartmore Hong Kong         | 5,174 |
| F&C US Smaller Cos         | 5,069 |
| Framlington Health         | 5,123 |
| Barclays American Emer Gth | 5,069 |

## BOTTOM FIVE OVER 10 YEARS

|                              |     |
|------------------------------|-----|
| Waverley Global Bond         | 873 |
| Save & Prosper Gold & Exp    | 873 |
| Mercury Gold & General       | 873 |
| Schroder Japan Small Cos Acc | 873 |
| Old Mutual Thailand Acc      | 873 |

## Framlington Health



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

## Indices

| Index                       | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-----------------------------|------------|------|------|------|------------|-----------|
| Average Unit Trust          | 1101       | 1330 | 2206 | 2220 | 3.1        | 2.5       |
| Average Investment Trust    | 1159       | 1276 | 2373 | 2423 | 4.4        | 5.0       |
| Bank                        | 1034       | 1112 | 1202 | 1826 | 0.0        | 4.9       |
| Building Society            | 1032       | 1112 | 1209 | 1833 | 0.0        | 4.7       |
| Stockmarket: FTSE All-Share | 1279       | 1646 | 2471 | 2841 | 2.4        | 3.3       |
| Inflation                   | 1029       | 1088 | 1136 | 1543 | 0.4        | -         |

## UK Growth

| Trust                          | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|--------------------------------|------------|------|------|------|------------|-----------|
| Johnson Fry Sister Growth      | 1221       | 1894 | 2658 | -    | 3.4        | 0.9       |
| Jupiter UK Growth              | 1089       | 1801 | 2641 | -    | 2.9        | 1.9       |
| Perpetual UK Exempt            | 1210       | 1768 | 2610 | -    | 2.4        | 2.5       |
| Barclays Unit Special Sits     | 1226       | 1703 | 2628 | 1973 | 2.8        | 1.6       |
| Standard Life UK Eq Growth Acc | 1178       | 1685 | 2638 | 3068 | 2.8        | 1.6       |
| SECTOR AVERAGE                 | 1145       | 1482 | 2298 | 2024 | 2.7        | 1.6       |

## UK Growth &amp; Income

| Trust                           | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|---------------------------------|------------|------|------|------|------------|-----------|
| Fleming Select UK Income        | 1815       | 1888 | 2682 | 2317 | 2.5        | 3.6       |
| Perpetual Income                | 1207       | 1864 | 2806 | 2653 | 2.3        | 2.7       |
| HSBC Fostle Fund                | 1338       | 1857 | -    | -    | 2.7        | 2.4       |
| Legal & General UK Stockmkt Acc | 1336       | 1851 | -    | -    | 2.7        | 1.3       |
| Fidelity Moneybuilder Growth    | 1196       | 1849 | -    | -    | 2.3        | 2.1       |
| SECTOR AVERAGE                  | 1184       | 1464 | 2167 | 2249 | 2.8        | 2.6       |

## UK Smaller Companies

| Trust                         | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-------------------------------|------------|------|------|------|------------|-----------|
| Gartmore UK Smaller Companies | 1116       | 1776 | 2900 | 1722 | 3.5        | 0.5       |
| Laurence Keen Smaller Cos     | 1097       | 1760 | -    | -    | 3.0        | 1.2       |
| INVESCO UK Smaller Companies  | 1024       | 1682 | 2853 | 1586 | 3.9        | 1.5       |
| AES Smaller Companies         | 987        | 1639 | 2389 | -    | 3.0        | 0.9       |
| Britannia Smaller Co's Acc    | 1104       | 1592 | 3103 | 1904 | 3.1        | 0.5       |
| SECTOR AVERAGE                | 977        | 1262 | 2128 | 1492 | 3.0        | 1.7       |

## UK Equity Income

| Trust                         | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-------------------------------|------------|------|------|------|------------|-----------|
| Jupiter Income                | 1182       | 1849 | 3468 | -    | 2.6        | 4.0       |
| Lazard UK Income              | 1181       | 1643 | 2551 | 2938 | 2.4        | 4.1       |
| Britannia High Yield Inc      | 1181       | 1626 | 2680 | 2827 | 2.4        | 4.0       |
| BWD UK Equity Income          | 1246       | 1602 | 2986 | 2335 | 2.8        | 3.8       |
| River & Mercantile 1st Income | 1237       | 1587 | 2580 | -    | 2.6        | 4.2       |
| SECTOR AVERAGE                | 1165       | 1410 | 2218 | 2223 | 2.5        | 4.3       |

## UK Equity &amp; Bond Income

| Trust                       | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-----------------------------|------------|------|------|------|------------|-----------|
| Proflite Extra Income       | 1142       | 1496 | 2188 | 2122 | 2.2        | 4.2       |
| Edinburgh High Distribution | 1196       | 1420 | 2054 | 1731 | 2.5        | 3.9       |
| Abbey National Extra Income | 1221       | 1414 | 2527 | 2571 | 2.1        | 5.8       |
| CIS UK Income               | 1181       | 1410 | 2096 | -    | 2.2        | 3.9       |
| Midland Monthly Income      | 1196       | 1405 | -    | -    | 2.0        | 4.3       |
| SECTOR AVERAGE              | 1125       | 1316 | 1961 | 1912 | 2.1        | 5.3       |

## UK Eq &amp; Bd

| Trust                          | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|--------------------------------|------------|------|------|------|------------|-----------|
| BWD Balanced Portfolio         | 1234       | 1640 | 2853 | -    | 2.9        | 1.6       |
| Perpetual High Income          | 1197       | 1583 | 2686 | -    | 2.0        | 3.1       |
| Credit Suisse High Income Port | 1135       | 1516 | 2418 | -    | 2.3        | 4.2       |
| Candile Income Dis             | 1189       | 1489 | 2141 | 2080 | 2.0        | 3.2       |
| Henry Cooke Balanced           | 1098       | 1438 | -    | -    | 1.7        | 2.8       |
| SECTOR AVERAGE                 | 1151       | 1425 | 2210 | 2141 | 2.2        | 3.0       |

## UK Fixed Interest

| Trust                          | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|--------------------------------|------------|------|------|------|------------|-----------|
| M&G Corporate Bond             | 1146       | 1387 | -    | -    | 1.8        | 6.6       |
| Aberdeen Fixed Interest        | 1100       | 1369 | 2249 | 2493 | 1.4        | 6.4       |
| Thornhill Preference Inc       | 1086       | 1341 | 1867 | -    | 1.8        | 6.1       |
| Henderson Preference & Bond    | 1109       | 1328 | 1813 | 1902 | 1.3        | 8.0       |
| Proflite Pref & Fixed Interest | 1104       | 1322 | 1988 | -    | 1.8        | 6.4       |
| SECTOR AVERAGE                 | 1072       | 1263 | 1958 | 2002 | 1.7        | 6.6       |

## UK Gilt

| Trust                         | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-------------------------------|------------|------|------|------|------------|-----------|
| M&G Gilt & Fixed Interest     | 1131       | 1331 | 1474 | 2036 | 1.8        | 6.2       |
| Gartmore PS Fixed Interest    | 1107       | 1305 | 1480 | -    | 1.7        | 6.8       |
| Murray Acumen Reserve         | 1086       | 1285 | 1485 | -    | 1.4        | 6.7       |
| Mercury Long-Dated Bond       | 1097       | 1289 | -    | -    | 2.1        | 5.4       |
| Schroder Gilt & Fixed Int Acc | 1059       | 1265 | 1416 | -    | 1.8        | 7.3       |
| SECTOR AVERAGE                | 1055       | 1206 | 1382 | 2000 | 1.5        | 5.8       |

## International Equity Income

| Trust                       | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-----------------------------|------------|------|------|------|------------|-----------|
| GT International Income Inc | 1142       | 1455 | 2278 | 2679 | 2.4        | 2.0       |
| Martin Currie Int'l Income  | 1183       | 1423 | 2282 | -    | 2.5        | 3.2       |
| Dolphin Int'l Gth & Income  | 1099       | 1377 | 2090 | 1377 | 2.6        | 1.3       |
| Mayflower Global Income     | 1122       | 1361 | 2168 | 2075 | 2.3        | 3.2       |
| M&G International Income    | 1144       | 1350 | 2245 | 2516 | 2.3        | 3.8       |
| SECTOR AVERAGE              | 1139       | 1351 | 2156 | 2075 | 2.4        | 2.9       |

## International Fixed Interest

| Trust                            | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|----------------------------------|------------|------|------|------|------------|-----------|
| Baring Global Bond               | 1023       | 1287 | 1653 | -    | 1.5        | 6.2       |
| Old Mutual Worldwide Bond Inc    | 995        | 1249 | 1502 | -    | 1.7        | 4.8       |
| Barclays Int'l European Bond Inc | 1036       | 1211 | -    | -    | 1.0        | 5.7       |
| Newton International Bond        | 1023       | 1210 | 1580 | -    | 2.2        | 5.4       |
| TSB International Income Inc     | 986        | 1199 | 1523 | -    | 1.5        | 4.3       |
| SECTOR AVERAGE                   | 981        | 1115 | 1584 | 1734 | 1.8        | 5.0       |

## International Equity &amp; Bond

| Trust                         | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-------------------------------|------------|------|------|------|------------|-----------|
| Bank of Ireland Ex Mgd Growth | 1172       | 1505 | 2148 | -    | 2.0        | 2.3       |
| Capel-Cure Halmark Growth     | 1240       | 1448 | 2198 | 2144 | 2.3        | 1.5       |
| Baillie Gifford Managed       | 1170       | 1444 | 2117 | 2477 | 2.3        | 2.4       |
| Fleming General Opportunities | 1196       | 1430 | 2010 | -    | 2.2        | 3.1       |
| NPI Worldwide Income Inc      | 1098       | 1412 | 2245 | -    | 2.3        | 1.8       |
| SECTOR AVERAGE                | 1118       | 1315 | 1917 | 2201 | 2.1        | 2.4       |

## International

| Trust                         | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-------------------------------|------------|------|------|------|------------|-----------|
| Proflite Technology           | 1147       | 2824 | 4681 | 4903 | 6.7        | -         |
| Framlington Health            | 1046       | 2364 | 4429 | 5124 | 6.9        | -         |
| Save & Prosper Financial Secs | 1342       | 1981 | 3612 | 3261 | 3.0        | 1.3       |
| Framlington Financial         | 1289       | 1640 | 3364 | 4084 | 2.8        | 0.9       |
| Henderson Global Technology   | 1068       | 1913 | 3356 | 4010 | 6.7        | -         |
| SECTOR AVERAGE                | 1145       | 1940 | 3230 | 3249 | 5.3        | 0.9       |

## Nth America

| Trust                       | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-----------------------------|------------|------|------|------|------------|-----------|
| Hill Samuel US Smaller Co's | 1156       | 2685 | 4182 | 5344 | 5.2        | -         |
| Pal North America Growth    | 1334       | 2455 | 4289 | 4429 | 4.5        | 0.1       |
| Fidelity American Spec Sits | 1322       | 2221 | 3246 | 3773 | 5.2        | -         |
| Edinburgh North American    | 1296       | 2153 | 3762 | 3628 | 3.8        | 0.5       |
| Gartmore American Emer Gth  | 1080       | 2134 | 4436 | 5004 | 8.1        | -         |
| SECTOR AVERAGE              | 1222       | 1784 | 2830 | 3024 | 4.1        | 0.5       |

## Europe

| Trust                         | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-------------------------------|------------|------|------|------|------------|-----------|
| Jupiter European              | 1176       | 2036 | 3689 | 4782 | 3.0        | 0.2       |
| Allied Dunbar European Growth | 1256       | 1892 | 3228 | 2589 | 3.7        | 0.1       |
| Baring Europe Select          | 1164       | 1878 | 3267 | 2585 | 3.5        | 0.8       |
| Friends Prov European Gth     | 1251       | 1870 | 3113 | -    | 2.5        | -         |
| INVESCO European Growth       | 1217       | 1858 | 3618 | 3172 | 3.6        | -         |
| SECTOR AVERAGE                | 1186       | 1826 | 3231 | 2751 | 3.0        | 0.7       |

## Japan

| Trust                        | 1 year (%) | 3   | 5    | 10   | Volatility | Yield (%) |
|------------------------------|------------|-----|------|------|------------|-----------|
| Martin Currie Japan          | 981        | 978 | 2491 | -    | 5.4        | -         |
| GT Japan Growth              | 960        | 982 | 2388 | 1485 | 3.5        | -         |
| Hill Samuel Japan Technology | 953        | 946 | 2461 | 1791 | 5.8        | -         |
| Baillie Gifford Japan        | 1007       | 931 | 1990 | 1408 | 5.2        | -         |
| Schroder Tokyo Inc           | 982        | 929 | 2289 | 2073 | 5.0        | -         |
| SECTOR AVERAGE               | 946        | 740 | 1764 | 1167 | 5.2        | 0.2       |

## Far East inc Japan

| Trust                         | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|-------------------------------|------------|------|------|------|------------|-----------|
| Govett Greater China          | 1612       | 1640 | 3645 | 3880 | 4.6        | -         |
| Thornhill Oriental Income Inc | 1130       | 1121 | 2073 | 1994 | 3.6        | 3.3       |
| Schroder Far East Growth Inc  | 1026       | 1112 | 2889 | -    | 4.4        | -         |
| Martin Currie Far East        | 1102       | 1095 | 2418 | 2173 | 4.6        | 0.2       |
| Aberdeen Pacific              | 949        | 1070 | 2367 | 2768 | 3.0        | 0.1       |
| SECTOR AVERAGE                | 987        | 979  | 2238 | 1982 | 4.2        | 0.5       |

## Far East exc Japan

| Trust                          | 1 year (%) | 3    | 5    | 10   | Volatility | Yield (%) |
|--------------------------------|------------|------|------|------|------------|-----------|
| HSBC Hong Kong Growth          | 1844       | 2423 | 4942 | 6794 | 6.4        | 0.1       |
| INVESCO Hong Kong & China      | 1775       | 1916 | 3786 | 4048 | 6.4        | 0.2       |
| Gartmore Hong Kong             | 1540       | 1719 | 3502 | 6014 | 6.0        | 0.7       |
| Old Mutual Hong Kong           | 1469       | 1717 | 3454 | 4736 | 6.5        | 0.5       |
| Henry Cooke Eastern Enterprise | 1330       | 1646 | -    | -    | 5.4        | -         |
| SECTOR AVERAGE                 | 1049       | 1099 | 2504 | 3195 | 5.2        | 0.6       |

## INVESTMENT TRUSTS

## WINNERS AND LOSERS

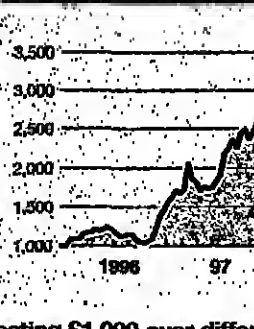
## TOP FIVE OVER 1 YEAR

|                                 |       |
|---------------------------------|-------|
| Scottish National Capital       | 3,146 |
| First Russian Frontiers         | 2,134 |
| Fleming Income & Growth Capital | 2,085 |
| Fulcrum Capital                 | 1,926 |
| Baring Emerging Europe          | 1,875 |

## BOTTOM FIVE OVER 1 YEAR

|                              |     |
|------------------------------|-----|
| East German                  | 311 |
| Abstract New Thai            | 519 |
| Seam Selective Growth        | 543 |
| Perpetual Japanese           | 576 |
| Henderson Japanese Small Cos | 579 |

## Scottish National Capital



## TOP FIVE OVER 3 YEARS

|                          |       |
|--------------------------|-------|
| TR Technology B          | 3,481 |
| Candover                 | 2,345 |
| Foreign & Col Enterprise | 2,244 |
| SR Pan-European          | 2,159 |
| Thompson Clive           | 2,159 |



**FT MANAGED FUNDS SERVICE**

3.

|   | Group                    | Price    | Yield | Div's        | Group  | Price | Yield | Div's  |        |       |      |
|---|--------------------------|----------|-------|--------------|--|-------|-------|--------|--------|-------|------|
| <b>Discretionary Unit Fund Mgrs (1000\$F)</b> |                          |          |       |              | <b>Friends Provident Unit Trusts - Cont'd.</b> |       |       |        |        |       |      |
|   | 49 (Group Units, London) | FC29 4/8 |       | 071-577 0818 | (Group Units)                                  | —     | 5 1/4 | 242.50 | 258.80 | -1.10 | 4.46 |
|   | Dom Inc. Aug 15          | 3        | 258.4 | 548.1        |  |       |       | 238.40 | 252.10 | -8.50 | 0.00 |
|   | Intl Accrue Aug 15       | 3        | 258.4 | 548.5        |  |       |       | 237.20 | 252.10 | -8.50 | 4.81 |
|   | Dom Accrue Aug 15        | 3        | 258.4 | 548.5        |  |       |       | 237.20 | 252.10 | -8.50 | 0.00 |
|   | Intl Accrue Aug 15       | 3        | 258.4 | 548.5        |  |       |       | 237.20 | 252.10 | -8.50 | 0.00 |

|   |      |  |        |        |      |           |
|---|------|--|--------|--------|------|-----------|
| 1 | 0.42 | Dunelm Living Unit Management Ltd (NEDS) | 100.00 | 100.00 | 5.28 | Tiger Ind |
|   |      | FP Sterling Deposit                      | 100.00 | 100.00 | 5.28 |           |
|   |      | (Accrue Units)                           | 120.25 | 120.25 | 5.28 |           |

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|--|--|--|--|--|---|
| <b>NY</b><br><b>25</b><br><b>26</b><br><b>27</b><br><b>28</b><br><b>29</b><br><b>30</b><br><b>31</b><br><b>32</b><br><b>33</b><br><b>34</b><br><b>35</b><br><b>36</b><br><b>37</b><br><b>38</b><br><b>39</b><br><b>40</b><br><b>41</b><br><b>42</b><br><b>43</b><br><b>44</b><br><b>45</b><br><b>46</b><br><b>47</b><br><b>48</b><br><b>49</b><br><b>50</b><br><b>51</b><br><b>52</b><br><b>53</b><br><b>54</b><br><b>55</b><br><b>56</b><br><b>57</b><br><b>58</b><br><b>59</b><br><b>60</b><br><b>61</b><br><b>62</b><br><b>63</b><br><b>64</b><br><b>65</b><br><b>66</b><br><b>67</b><br><b>68</b><br><b>69</b><br><b>70</b><br><b>71</b><br><b>72</b><br><b>73</b><br><b>74</b><br><b>75</b><br><b>76</b><br><b>77</b><br><b>78</b><br><b>79</b><br><b>80</b><br><b>81</b><br><b>82</b><br><b>83</b><br><b>84</b><br><b>85</b><br><b>86</b><br><b>87</b><br><b>88</b><br><b>89</b><br><b>90</b><br><b>91</b><br><b>92</b><br><b>93</b><br><b>94</b><br><b>95</b><br><b>96</b><br><b>97</b><br><b>98</b><br><b>99</b><br><b>100</b> | <b>NY</b><br><b>25</b><br><b>26</b><br><b>27</b><br><b>28</b><br><b>29</b><br><b>30</b><br><b>31</b><br><b>32</b><br><b>33</b><br><b>34</b><br><b>35</b><br><b>36</b><br><b>37</b><br><b>38</b><br><b>39</b><br><b>40</b><br><b>41</b><br><b>42</b><br><b>43</b><br><b>44</b><br><b>45</b><br><b>46</b><br><b>47</b><br><b>48</b><br><b>49</b><br><b>50</b><br><b>51</b><br><b>52</b><br><b>53</b><br><b>54</b><br><b>55</b><br><b>56</b><br><b>57</b><br><b>58</b><br><b>59</b><br><b>60</b><br><b>61</b><br><b>62</b><br><b>63</b><br><b>64</b><br><b>65</b><br><b>66</b><br><b>67</b><br><b>68</b><br><b>69</b><br><b>70</b><br><b>71</b><br><b>72</b><br><b>73</b><br><b>74</b><br><b>75</b><br><b>76</b><br><b>77</b><br><b>78</b><br><b>79</b><br><b>80</b><br><b>81</b><br><b>82</b><br><b>83</b><br><b>84</b><br><b>85</b><br><b>86</b><br><b>87</b><br><b>88</b><br><b>89</b><br><b>90</b><br><b>91</b><br><b>92</b><br><b>93</b><br><b>94</b><br><b>95</b><br><b>96</b><br><b>97</b><br><b>98</b><br><b>99</b><br><b>100</b> | <b>NY</b><br><b>25</b><br><b>26</b><br><b>27</b><br><b>28</b><br><b>29</b><br><b>30</b><br><b>31</b><br><b>32</b><br><b>33</b><br><b>34</b><br><b>35</b><br><b>36</b><br><b>37</b><br><b>38</b><br><b>39</b><br><b>40</b><br><b>41</b><br><b>42</b><br><b>43</b><br><b>44</b><br><b>45</b><br><b>46</b><br><b>47</b><br><b>48</b><br><b>49</b><br><b>50</b><br><b>51</b><br><b>52</b><br><b>53</b><br><b>54</b><br><b>55</b><br><b>56</b><br><b>57</b><br><b>58</b><br><b>59</b><br><b>60</b><br><b>61</b><br><b>62</b><br><b>63</b><br><b>64</b><br><b>65</b><br><b>66</b><br><b>67</b><br><b>68</b><br><b>69</b><br><b>70</b><br><b>71</b><br><b>72</b><br><b>73</b><br><b>74</b><br><b>75</b><br><b>76</b><br><b>77</b><br><b>78</b><br><b>79</b><br><b>80</b><br><b>81</b><br><b>82</b><br><b>83</b><br><b>84</b><br><b>85</b><br><b>86</b><br><b>87</b><br><b>88</b><br><b>89</b><br><b>90</b><br><b>91</b><br><b>92</b><br><b>93</b><br><b>94</b><br><b>95</b><br><b>96</b><br><b>97</b><br><b>98</b><br><b>99</b><br><b>100</b> | <b>NY</b><br><b>25</b><br><b>26</b><br><b>27</b><br><b>28</b><br><b>29</b><br><b>30</b><br><b>31</b><br><b>32</b><br><b>33</b><br><b>34</b><br><b>35</b><br><b>36</b><br><b>37</b><br><b>38</b><br><b>39</b><br><b>40</b><br><b>41</b><br><b>42</b><br><b>43</b><br><b>44</b><br><b>45</b><br><b>46</b><br><b>47</b><br><b>48</b><br><b>49</b><br><b>50</b><br><b>51</b><br><b>52</b><br><b>53</b><br><b>54</b><br><b>55</b><br><b>56</b><br><b>57</b><br><b>58</b><br><b>59</b><br><b>60</b><br><b>61</b><br><b>62</b><br><b>63</b><br><b>64</b><br><b>65</b><br><b>66</b><br><b>67</b><br><b>68</b><br><b>69</b><br><b>70</b><br><b>71</b><br><b>72</b><br><b>73</b><br><b>74</b><br><b>75</b><br><b>76</b><br><b>77</b><br><b>78</b><br><b>79</b><br><b>80</b><br><b>81</b><br><b>82</b><br><b>83</b><br><b>84</b><br><b>85</b><br><b>86</b><br><b>87</b><br><b>88</b><br><b>89</b><br><b>90</b><br><b>91</b><br><b>92</b><br><b>93</b><br><b>94</b><br><b>95</b><br><b>96</b><br><b>97</b><br><b>98</b><br><b>99</b><br><b>100</b> | <b>NY</b><br><b>25</b><br><b>26</b><br><b>27</b><br><b>28</b><br><b>29</b><br><b>30</b><br><b>31</b><br><b>32</b><br><b>33</b><br><b>34</b><br><b>35</b><br><b>36</b><br><b>37</b><br><b>38</b><br><b>39</b><br><b>40</b><br><b>41</b><br><b>42</b><br><b>43</b><br><b>44</b><br><b>45</b><br><b>46</b><br><b>47</b><br><b>48</b><br><b>49</b><br><b>50</b><br><b>51</b><br><b>52</b><br><b>53</b><br><b>54</b><br><b>55</b><br><b>56</b><br><b>57</b><br><b>58</b><br><b>59</b><br><b>60</b><br><b>61</b><br><b>62</b><br><b>63</b><br><b>64</b><br><b>65</b><br><b>66</b><br><b>67</b><br><b>68</b><br><b>69</b><br><b>70</b><br><b>71</b><br><b>72</b><br><b>73</b><br><b>74</b><br><b>75</b><br><b>76</b><br><b>77</b><br><b>78</b><br><b>79</b><br><b>80</b><br><b>81</b><br><b>82</b><br><b>83</b><br><b>84</b><br><b>85</b><br><b>86</b><br><b>87</b><br><b>88</b><br><b>89</b><br><b>90</b><br><b>91</b><br><b>92</b><br><b>93</b><br><b>94</b><br><b>95</b><br><b>96</b><br><b>97</b><br><b>98</b><br><b>99</b><br><b>100</b> | <b>NY</b><br><b>25</b><br><b>26</b><br><b>27</b><br><b>28</b><br><b>29</b><br><b>30</b><br><b>31</b><br><b>32</b><br><b>33</b><br><b>34</b><br><b>35</b><br><b>36</b><br><b>37</b><br><b>38</b><br><b>39</b><br><b>40</b><br><b>41</b><br><b>42</b><br><b>43</b><br><b>44</b><br> |
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|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2693 | 2694 | 2695 | 2696 | 2697 | 2698 | 2699 | 2700 | 2701 | 2702 | 2703 | 2704 | 2705 | 2706 | 2707 | 2708 | 2709 | 2710 | 2711 | 2712 | 2713 | 2714 | 2715 | 2716 | 2717 | 2718 | 2719 | 2720 | 2721 | 2722 | 2723 | 2724 | 2725 | 2726 | 2727 | 2728 | 2729 | 2730 | 2731 | 2732 | 2733 | 2734 | 2735 | 2736 | 2737 | 2738 | 2739 | 2740 | 2741 | 2742 | 2743 | 2744 | 2745 | 2746 | 2747 | 2748 | 2749 | 2750 | 2751 | 2752 | 2753 | 2754 | 2755 | 2756 | 2757 | 2758 | 2759 | 2760 | 2761 | 2762 | 2763 | 2764 | 2765 | 2766 | 2767 | 2768 | 2769 | 2770 | 2771 | 2772 | 2773 | 2774 | 2775 | 2776 | 2777 | 2778 | 2779 | 2780 | 2781 | 2782 | 2783 | 2784 | 2785 | 2786 | 2787 | 2788 | 2789 | 2790 | 2791 | 2792 | 2793 | 2794 | 2795 | 2796 | 2797 | 2798 | 2799 | 2800 | 2801 | 2802 | 2803 | 2804 | 2805 | 2806 | 2807 | 2808 | 2809 | 2810 | 2811 | 2812 | 2813 | 2814 | 2815 | 2816 | 2817 | 2818 | 2819 | 2820 | 2821 | 2822 | 2823 | 2824 | 2825 | 2826 | 2827 | 2828 | 2829 | 2830 | 2831 | 2832 | 2833 | 2834 | 2835 | 2836 | 2837 | 2838 | 2839 | 2840 | 2841 | 2842 | 2843 | 2844 | 2845 | 2846 | 2847 | 2848 | 2849 | 2850 | 2851 | 2852 | 2853 | 2854 | 2855 | 2856 | 2857 | 2858 | 2859 | 2860 | 2861 | 2862 | 2863 | 2864 | 2865 | 2866 | 2867 | 2868 | 2869 | 2870 | 2871 | 2872 | 2873 | 2874 | 2875 | 2876 | 2877 | 2878 | 2879 | 2880 | 2881 | 2882 | 2883 | 2884 | 2885 | 2886 | 2887 | 2888 | 2889 | 2890 | 2891 | 2892 | 2893 | 2894 | 2895 | 2896 | 2897 | 2898 | 2899 | 2900 | 2901 | 2902 | 2903 | 2904 | 2905 | 2906 | 2907 | 2908 | 2909 | 2910 | 2911 | 2912 | 2913 | 2914 | 2915 | 2916 | 2917 | 2918 | 2919 | 2920 | 2921 | 2922 | 2923 | 2924 | 2925 | 2926 | 2927 | 2928 | 2929 | 2930 | 2931 | 2932 | 2933 | 2934 | 2935 | 2936 | 2937 | 2938 | 2939 | 2940 | 2941 | 2942 | 2943 | 2944 | 2945 | 2946 | 2947 | 2948 | 2949 | 2950 | 2951 | 2952 | 2953 | 2954 | 2955 | 2956 | 2957 | 2958 | 2959 | 2960 | 2961 | 2962 | 2963 | 2964 | 2965 | 2966 | 2967 | 2968 | 2969 | 2970 | 2971 | 2972 | 2973 | 2974 | 2975 | 2976 | 2977 | 2978 | 2979 | 2980 | 2981 | 2982 | 2983 | 2984 | 2985 | 2986 | 2987 | 2988 | 2989 | 2990 | 2991 | 2992 | 2993 | 2994 | 2995 | 2996 | 2997 | 2998 | 2999 | 3000 |
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| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.   | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.   | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.   |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.   | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.   | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.   |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.  |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.   |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.  |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                                     | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                                     | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                                     |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                                      | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                                      | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                                      |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                                     | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                                     | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                                     |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                                      | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                                      | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                                      |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                               | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                               | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                               |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                                | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                                | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                                |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                               | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                               | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                               |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                                | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                                | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                                |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                         | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                         | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                         |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                          | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                          | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Imp.                          |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                         | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                         | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Expt.                         |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                          | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                          | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.                          |
| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                   | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                   | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt.                   |
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| U.S. Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.              | 534 | 252.0 | 214.0 | +1.0 | 0.0 | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.              | 54 | 280.4 | 232.5 | -4.4 | - | Japan Fed. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Expt. Govt. Imp.              |
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## MANAGEMENT SERVICES

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## Money Market Trust Funds

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## Money Market Bank Accounts

|   | Green | Net  | GRN   | Int GR  |
|---|-------|------|-------|---------|
| <b>American Express Bank Ltd</b>        |       |      |       |         |
| Switzerland, Europe Int FRF BQ          |       |      | 01279 | 093 555 |
| <b>High Performance Economy Account</b> |       |      |       |         |
| \$500 - \$999.99                        | 1.00  | 8.75 | 1.00  | MR      |
| \$1,000 - \$4,999.99                    | 1.50  | 2.63 | 3.56  | MR      |
| \$5,000 - \$9,999.99                    | 3.75  | 2.61 | 3.82  | MR      |
| \$10,000 - \$24,999.99                  | 4.00  | 3.00 | 4.07  | MR      |
| \$25,000 - \$49,999.99                  | 4.25  | 3.10 | 4.33  | MR      |
| \$50,000+                               | 4.75  | 3.56 | 4.85  | MR      |
| <b>Bank of Montreal</b>                 |       |      |       |         |

● **NOTES**  
Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.  
Net: Rate of interest payable after allowing for deduction of basic rate income tax.  
Gross CAGR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'.  
Int Cr Frequency at which interest is credited to the account.







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## Offshore Funds and Insurances

Offshore Funds and Insurance

| FT Cyteline Unit-Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (444 171) 873 4573 for more details. | Fund Name | ISIN | Currency | Units | Price | Bid | Ask | Net Asset Value | Date |  |  |  |  |  |  |  |  |  |
|--|-----------|------|----------|-------|-------|-----|-----|-----------------|------|--|--|--|--|--|--|--|--|--|
|  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| LUXEMBOURG (REGULATED)   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| ASIA OFFSHORE FUNDS  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Growth Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Income Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Equity Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Bond Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Dividend Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Real Estate Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Hedge Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Commodity Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Alternative Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Multi-Asset Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Global Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Emerging Markets Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Infrastructure Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Natural Resources Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Healthcare Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Technology Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Energy Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Financial Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Consumer Goods Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Industrial Goods Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Media & Entertainment Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Telecommunications Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Aerospace & Defense Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Shipping & Logistics Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Food & Beverage Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Pharmaceuticals Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Chemicals Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Metals & Mining Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Energy Services Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Environmental Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Infrastructure Services Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Real Estate Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Financial Services Services Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Consumer Goods Services Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Industrial Goods Services Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Media & Entertainment Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Telecommunications Services Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Aerospace & Defense Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Shipping & Logistics Services Fund  |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Food & Beverage Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Pharmaceuticals Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Chemicals Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
| Asia Pacific Metals & Mining Services Fund   |           |      |          |       |       |     |     |                 |      |  |  |  |  |  |  |  |  |  |
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| 4.83  | -    | -    | - |
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| 1.56  | -    | -    | - |
| 1.36  | 1.9  | 28.5 | - |
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| 1.72  | -    | -    | - |
| 20.2  | -    | -    | - |
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| 0.78  | 47   | 18.5 | - |
| 1.87  | -    | φ    | - |
| 4.14  | -    | -    | - |
| 8.20  | -    | φ    | - |
| 1.36  | -    | φ    | - |
| 2.9   | -    | -    | - |
| 13.0  | -    | φ    | - |
| 27.8  | -    | φ    | - |
| 4.57  | -    | -    | - |
| 8.28  | -    | 58.9 | - |
| 2.83  | 17.8 | 53.7 | - |
| 10.0  | -    | 91   | - |
| 16.4  | 1.5  | -    | - |
| 79.1  | -    | 9.2  | - |
| 19.2  | -    | -    | - |
| 38.44 | 0.1  | -    | - |
| 15.0  | 2.3  | 9.7  | - |
| 13.2  | 4.3  | -    | - |

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# US shares plunge at midsession

## AMERICAS

Wall Street was hit with another morning of heavy selling. The Dow Jones Industrial Average lost more than 100 points and all the main indices moved sharply lower, writes John Lohman in New York.

By early afternoon, the Dow had fallen 108.98 or 1.3 per cent to 7,833.10. The broader Standard & Poor's 500 index was off 11.04 at 918.79. Technology issues were not spared the selling pressure. The Nasdaq composite index lost 11.29 or 0.71 per cent at 1,575.66.

"It's another Friday in August," said Mr Eric Miller, chief investment officer at Donaldson, Lufkin & Jenrette in San Francisco, referring to the Dow's 156-point collapse on the previous Friday.

Mr Miller saw several factors that contributed to the market selling, including the impact of the "double witching" day, in which option holders decide on how to move on their holdings.

The dollar and bond markets also traded lower throughout the morning, adding to pressures on equities, especially in the interest rate-sensitive financial sector. The long bond lost 1/8 at 9 1/8, lifting yield to 6.54 per cent. The REX banking

stock index of the Philadelphia Stock Exchange fell 5.86 at 678.97.

Gillette, the consumer products company, was dragged lower as analysts downgraded the company's stock. Traders shed 1/4 of its shares at \$85.74.

A number of Dow components ran up heavy losses, including Hewlett-Packard, off \$2 1/4 at \$67 1/4, and Procter & Gamble, which fell 1/4 at \$140 1/4. Technology issues also came under pressure.

Chip leader Intel lost 3/4 at \$50 1/4. Microsoft also moved lower, falling \$1 1/4 at \$134 1/4.

TORONTO fell steeply in the wake of the heavy early sell-off on Wall Street. The 300 composite index was 45.85 lower at 6,723.00 at the noon calculation.

Volume was low and a number of leaders made a fairly resilient start to the session notably market heavyweight BCE, which was off a bare 10 cents at C\$39.90 at the close of morning trade.

Alcan Aluminium gave up 90 cents to C\$60.80 and Seagram lost 45 cents to C\$49.50. Northern Telecom lost C\$2.40 at C\$137.60.

Golds stood out against the downturn. Barrick and Placer Dome both added 5 cents, hardening to C\$32.30 and C\$24.30 respectively.

Sao Paulo was hit by the weak opening in the US plus worries about next Monday's options settlement.

"It was one way all morning. There was lots of downside pressure from ADR selling on Wall Street," said a broker.

Telebras fell 2.5 per cent to R\$141.90 and Eletrobras took an even heavier knock, sliding 3.8 per cent to R\$55.4.

At midsession, the Bovespa index was off 286 or 2.4 per cent at 12,619.

MEXICO CITY clawed back initial losses to end the

# Bourses slide as Wall Street opens bleakly

## EUROPE

Those bourses not closed for Assumption day ran for cover as US equities opened in a black mood.

FRANKFURT experienced what one trader described as a "flash-fire correction", sliding down through 4,100 for the first time since mid-July as Wall Street ran up losses of 120 points in the first 30 minutes of trading.

Volume was seasonally low throughout the session. The Dax index, which touched 4,067.64 at one stage, rallied modestly towards the close, but sentiment remained seriously dented.

The Dax ended electronic trading off 117.94 at an illiquid 4,077.58.

Chemicals were among the heaviest casualties after a relatively indifferent results season to date, and Volkswagen was noticeably weak ahead of next week's six-monthly results.

VW, which is widely expected to turn in bumper numbers on Tuesday, fell DM60.20 or 5 per cent to DM125.3.

BASF came off DM2.76 to DM65.05 and Hoechst DM2.80 to DM72.90.

Bayer lost DM3.13 at DM70.02 in advance of next week's results.

RWE ran into profit-taking, not helped by a reiterated sell recommendation from HSBC James Capel.

The shares, which surged nearly 10 per cent in record volume on Thursday following capital changes, fell back DM2.35 to DM85.15.

Deutsche Bank fell DM2.50 to DM113.75 and Dresdner Bank DM1.69 to DM77.52.

Daewoo lost DM2.25 to DM136.85. Thyssen, a strong market lately on persistent

## ASIA PACIFIC

Shares in HONG KONG fell steeply on fears that the Hong Kong dollar will become the latest victim of the Asian currency crisis.

The Hang Seng index posted its biggest decline in two months, losing 40.83 or 2.4 per cent to 16,996.88.

Short-term interest rates soared as concerns mounted that the Hong Kong dollar would come under speculative attack.

Brokers said the rates rise sparked frantic profit-taking in the share market after the recent strong run.

Banks and property were the hardest hit. HSBC lost HK\$4.20 to HK\$272.00 and Citibank HK\$3.00 to HK\$210.40.

Sam Hung Kai Properties fell HK\$3.00 to HK\$66.25.

JAKARTA bore the brunt of the region's currency woes with another big sell-off for shares. The composite index fell 27.79 to

615.22, a new low for the year and a two-day decline of more than 6 per cent.

Jitters about banks and finance companies with large foreign exchange exposures intensified as the rupiah fell a further 4 per cent against the dollar.

Bank International Indonesia topped the active list, falling R200 to a low for the year of R1,200.

TOKYO extended its gains on Friday on brisk buying of blue chip exporters and banks, although there was heavy selling of construction shares.

The Nikkei 225 average rose 103.41 to 19,236.03 after moving between 19,312.73 and 18,466.95.

The market opened sharply higher as investors, encouraged by the dollar's rise, sought semiconductor-related issues and other blue chip exporters.

Foreign investors bought banking issues. Market gains were

paralleled in the afternoon, however, as investors sold construction and property-related sectors.

Volume rose from 376m shares to an estimated 422m. Advances narrowly led declines 550 to 516 with 161 unchanged.

The Topix index of all first-section stocks gained 100 to 1,501.69 and the capital-weighted Nikkei 300 was up 1.66 at 294.15.

High technology issues continued their recent advance. Tokyo Electron rose Y330 to Y2,760. Advantest Y300 to Y2,700. Nikon Y50 to Y2,560 and Canon Y40 to Y3,770. Sony gained Y400

## THE WEEK'S CHANGES

|              | % Change |
|--------------|----------|
| Kuala Lumpur | -2.4     |
| Singapore    | +0.05    |
| Taiwan       | -1.6     |
| Taipei       | -1.5     |
| Tokyo        | -1.7     |
| Hong Kong    | -3.3     |
| Bangkok      | -2.2     |
| Manila       | -7.5     |

## FTSE Actuaries Share Indexes

| August 15                        |            |         |
|----------------------------------|------------|---------|
| International & Regional Indices | Euro Index | Day's % |
| FTSE Eurotop 300                 | 961.31     | -1.89   |
| FTSE Eurotop 100                 | 2203.90    | -1.85   |
| FTSE Eurotop 300 Regions         |            |         |
| 100 UK                           | 955.23     | -2.21   |
| 100 ex-UK                        | 949.03     | -1.70   |
| 100 Eurozone                     | 946.36     | -1.99   |
| 100 ex-Eurozone                  | 954.86     | -1.81   |
| FTSE Eurotop 300 Economic Groups |            |         |
| Resources                        | 951.79     | -2.63   |
| Consumer Electronics             | 957.79     | -3.27   |
| Consumer Goods                   | 924.18     | -1.50   |
| Services                         | 946.75     | -1.51   |
| Utilities                        | 932.21     | -1.34   |
| Financials                       | 958.71     | -1.90   |

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## COMPANIES AND FINANCE

# Head of gaming at Capital Corporation attempted to exercise options before profits warning

## Director was warned on insider trading

By Scheherazade Daneshkhu and Robert Wright

The gaming director of Capital Corporation, the casino company, last year persisted in trying to exercise share options while the board was considering warning on profits.

Mr John Dunkley, gaming director, told the company a week before it revealed interim results well below market expectations that he wished to exercise options and management warrants worth almost £800,000. At about the same time, the board was debating whether to warn on the full-year profits outlook alongside the results.

The fall in Capital's pre-tax profits from £11.1m to £7.2m for the six months to July 14 led to a 10 per cent drop in the share price, from 216.5p to 195p, on September 12, the day of the interim results.

A memorandum issued a few days before the results expressed surprise that Mr Dunkley was still attempting to exercise the share options after being told that he was considered to be in possession of insider information. The memo warned Mr Dunkley that insider trading was a criminal offence and could

lead to a prison sentence of seven years.

Mr Dunkley attempted to exercise all his 513,712 share options and a third of his 999,587 management war-

The board deleted the sentence after deciding that the volatile nature of the casino business was such that it was impossible to make a categorical forecast.

Mr Dunkley, who was appointed gaming director in March 1996, was also criticised by name. Mr Dunkley was on holiday and could not be reached yesterday.

Gamblers at the 'high roller' end of the market can win or lose several million pounds a night and some can run up substantial debts as they do so, write Scheherazade Daneshkhu and Robert Wright. Bad debts were the subject of discussion at Capital's January board meeting which heard that overall profits for 1996 were dependent on recovering high rollers. Pre-tax profits for the year fell from £13.1m to £9.2m. Bad debts amounted to £1.4m, of which £1.2m was owed by a single high roller. The player continued to gamble after agreeing to pay back 50 per cent of his wins. This arrangement was superseded by a joint agreement between the player and three companies with casinos in London, including Capital. Under Gaming Board rules it is up to the casino and not an outside debt collection agency to recover bad debts. The company said yesterday: "We believe our debt recovery is better than the industry average." It said that the single large debt had been incurred several years ago, before the company's new chief executive, chairman and finance director had been appointed.

He had gone as far as writing two cheques to a total value of £795,039 to exercise the options and warrants before reselling them. He would have made a £864,899 profit at the closing price on the day of the interim results.

At a board meeting on September 10, at which Mr Dunkley was present, it was decided that a warning on full-year profits should be removed from a draft interim announcement.

The sentence warned that pre-tax profits were unlikely to meet the market's expectations of £18m.

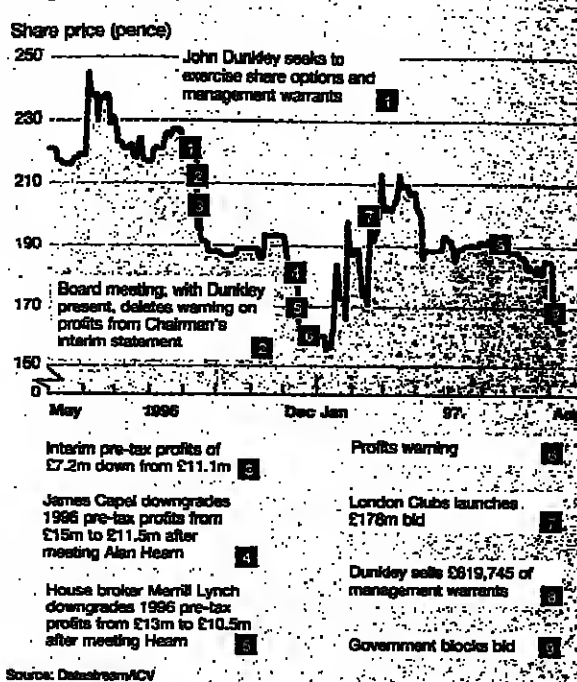
Nevertheless, fears over the company's financial performance and controls led the board to decide to extend the "close" period - during which directors may not deal in the company's shares - to the December year-end.

The extension of the close period was decided after an internal review of the company's gaming and financial controls completed in September. Reports commissioned from Deloitte & Touche, the company's auditors, and Price Waterhouse, the accountants, contain numerous criticisms of senior gaming management.

A profits warning was eventually issued on January 8, saying pre-tax profits were likely to be between £8.5m and £9m, undershooting market expectations by 35 per cent. Merrill Lynch, the house broker, had already downgraded profits from £13m to £10.5m after a meeting in December with Mr Alan Hearn, newly appointed chief executive.

Capital said yesterday that the board had sought legal advice about whether directors could sell shares and that the directors had accepted the advice that they could not.

### Capital Corporation



Source: Datastream/ACN

Documents suggest that concerns over the internal controls led to tension between Deloitte & Touche and the company.

Deloitte & Touche warned that they might have to qualify the 1996 accounts if controls remained inadequate. Some directors questioned why Deloitte & Touche had

apparently failed to examine internal gaming controls until evidence of collusion between a player and some members of staff highlighted weak controls in that area.

Deloitte said yesterday that Capital had continued to propose Deloitte as auditors, a decision which had been confirmed by shareholders.

# Flextech losses reduced as revenues jump

By David Blackwell

Flextech, the expanding UK media group that in March announced a joint venture with the BBC, cut operating losses by 44 per cent to £4.73m (£7.7m) before exceptional losses for the six months to June 30.

For all of last year the group, which supplies programmes to both cable and satellite broadcasters, incurred a pre-exceptional loss of £13.5m.

The reduced loss reflected an 80 per cent rise in turnover to £44.6m (£24.8m). Subscription revenues rose 67 per cent, while advertising revenues doubled.

Mr Roger Luard, chief executive, said that gross profits had leapt from £7.8m to £21.1m. This was an indication of the high operational gearing available from the dual revenue stream.

But the most significant event of the half was the deal with the BBC. This

would give the group access to the quality programmes it needed to drive the business forward. "A good native programme is always going to beat an imported one", said Mr Luard.

The group - 36 per cent owned by TCI International, part of the US cable-TV group - incurred costs of £5m on the launch of Trouble channel, aimed at 10- to 24-year olds, and the repositioning of Bravo channel, now aimed at a 24-plus male

audience. Trouble attracted a 23 per cent increase in viewers, and a consequent rise in advertisers.

A £1.6m charge covered the launch of Challenge TV, with interactive gameshow elements that had generated more than 750,000 telephone calls. This made it an attractive proposition for cable companies, Mr Luard said.

The exceptionals were partly offset by gains on disposals. Pre-tax losses, after £3.5m exceptional charges,

were £5.1m, against £12m, including exceptionals of £4m. Losses per share fell to 3.85p (10.04p).

### COMMENT

The underlying figures showed good progress from an extremely active group. Flextech's health is linked to the growth of multi-channel viewing in the UK. With a 25 per cent viewing share of basic channels, the group is in a strong position. It is difficult to argue with its con-

tention that its share will rise further with the launch of the eight proposed joint venture channels with the BBC. In addition, it will be offering four channels through digital television when it is launched next year. The shares closed down 5p at 639p yesterday, well below the 12-month high of more than 800p. Pre-exceptional losses look like being £6m for the full year, but the following 12 months should see profits.

Coopers & Lybrand emphasised yesterday that its only concerns had been to do with compliance with the Cadbury code on corporate governance. Eidos said its new auditors EPMS would not have taken on the work if there had been any more serious concerns and added that it intended to take steps to improve corporate governance in future.

Roger Taylor

### Exco halves interim dividend

Exco, the UK money broker, said yesterday it planned to halve its dividend payment after profits were hit by restructuring costs, quieter trading conditions and the high levels of sterling.

The company said it planned to cut its interim dividend from 1.5p to 0.75p and that if trading in the second half of the year did not show a marked improvement there would be a similar reduction in the final dividend which last year had been 3p. The shares closed down 5p at 39p.

Exco said the pound had cost it £2m in the first half reducing expected profits to £7m down from £12m last year. This would be further reduced by a £2m exceptional cost to cover restructuring. Staff numbers have been reduced by 154 since the beginning of the year, as the company has pulled out of less profitable business lines and closed its offices in Guernsey.

In New York it said it would invest \$6m over the next six months in bringing its two offices together which it expected to produce annual savings of £1.5m plus further efficiency gains of over £1m a year. In London, it plans to invest \$6m over the next two and a half years replacing out-dated equipment.

Roger Taylor

### Bunzl in \$88m US investment

Bunzl, the UK paper and packaging group, yesterday announced it planned to acquire Grocery Supply Systems and related US businesses, the latest in the company's buying spree.

Bunzl will pay about \$88m cash for the loanmaking, supplier of disposable supermarket products to Unisource Worldwide. The division sales of more than \$300m last year and net assets of \$60m. Operating losses amounted to \$2.9m in the nine months to June 30.

Mr Anthony Haggood, chairman, said Bunzl was buying a rival distributor, which would be fully integrated - he would not rule out redundancies. He set a profit margin target for GSS of 7 per cent within three years.

The shares gained 11 1/4p to 238p, a year high.

Mr Haggood said the purchases of GSS and AFC would raise gearing to 65 per cent, although interest cover would be more than 10 times.

Pannure Gordon, the house broker, forecasts pre-tax profits for 1997 of £117m, earnings per share of 16.5p, rising to £126m for 1998. This compares with £113.5m for 1996.

Sandra Thomas

### Portmeirion shares fall 13%

Shares in Portmeirion Pottery fell 6p, or 13 per cent, to 430p yesterday, after the UK company said the second half would be "difficult" and, as a consequence, "the year as a whole is likely to show little progress over 1996".

Kleinwort Benson, house broker, downgraded its full-year forecast from £7m to £6.4m pre-tax, the same as last year's figure.

The company also announced results for the half year to the end of June. Sales rose 6 per cent to £16.2m, helped by a 21 per cent rise in the US on the back of a "celebratory event" to mark the 25th anniversary of the premier Botanic Garden pattern.

Pre-tax profits were up 9 per cent to £2.75m and an unchanged interim dividend of 3.3p was declared.

### Slug and Lettuce 'strides' on

Grovenor Inns, the UK pub operator, yesterday announced full-year results with news that it had exchanged contracts for the sale of its wine bars, as part of the strategy "to focus exclusively" on the Slug and Lettuce brand.

Mr Tim Thwaites, chairman, said that other disposals were on target. The established Slug and Lettuce outlets had continued to "stride forward" in a "very buoyant" market.

Turnover rose 25 per cent to £23.8m, or 24 per cent on a like-for-like basis. Operating profits rose 18 per cent to £2.9m, but the pre-tax loss was reduced to £987,000 (£2m) after an exceptional charge of £1.2m for the sale in March of the Bar Central restaurants at a discount to book value.

The shares fell 13 1/4p to 156 1/4p.

The wine bars are being sold to a consortium led by Mr Gerry Hanratty, tavern general manager, and including Mr Colin Harbridge and Mr Roger Looker, non-executive directors, for £1.2m cash.

Mr Thwaites said that in line with the reduction in the size of the estate, the board and head office operation would both be restructured. Accordingly, the resignation of Mr Harbridge, Mr Looker and Mr David Bruce would be proposed at the annual meeting. All three intend to retain their "substantial" stakes in Grovenor.



Sam Chisholm: increased profits would be 'spectacular'

# BSkyB dishes up 22% growth

By Raymond Snoddy

British Sky Broadcasting, the UK satellite television group, yesterday announced record pre-tax profits of £314m (£311m) for the year to June 30, up 22 per cent.

Excluding a depreciation write-back of £7.5m and a £14m payment from British Digital Broadcasting, the profits were at the lower end of expectations and the shares fell 33p to 437p.

Analysts were also concerned at the possible impact on short-term profit growth of heavy investment in the launch of up to 200 channels of digital satellite television next spring, plus interactive services such as home shopping and banking.

BSkyB, in which Mr Rupert Murdoch's News Corporation has a 40 per cent stake, suggested it would be a "spectacular" performance to maintain profits. Later, Mr Sam Chisholm, chief executive, said he expected existing profit levels to be maintained but that it would be "spectacular" to

increase them.

Mr Anthony de Larrinaga, media analyst at stockbrokers Panmure Gordon, is forecasting £330m pre-tax profit for the current year.

Turnover reached £1.27bn, up 26 per cent. Earnings per share rose 24 per cent to 16.8p and the interim dividend is 6p, a 9 per cent increase.

During the year subscriber numbers rose by 878,000 to 6.37m in the UK and Ireland.

Mr Chisholm said there "was an alibi on the radar screen" in up to 50 per cent of homes.

BSkyB's programme investment included a 42 per cent rise in movie costs to £203.4m. Sport was up 23 per cent to £165.6m and the cost of other channels rose 50 per cent to £114.1m.

The extra costs - particularly the new £650m four-year contract with the English Premier League - will be offset by the latest price rise. Buying the entire BSKyB programme package will rise by £3 a month to £29.99.

# Loss doubles at General Cable

By David Blackwell

Interim losses doubled to £25m (£11m) at General Cable, the UK's fourth biggest cable company, as the number of customers dropping its television service increased sharply.

However, this was offset by a 27 per cent rise to 187,700 subscribers for residential telephones and a 53 per cent increase in the number of business exchange lines.

The French controlled group - Générale des Eaux,

the diversified utilities company, holds a 38 per cent stake - said that operating cash flow had trebled to £9.16m in the six months to June 30, while turnover rose by half to £64.4m (£42.8m).

Sir Anthony Cleaver, chairman, said the company continued to make "good progress". But he again criticised the high programming cost of providing the television service.

"We are currently constrained by the inflexibility of our basic channel offer imposed on us by our suppli-

ers and by the extremely high cost of premium channels supplied to us by BSKyB," he said.

The churn rate in cable television rose from 23 to 37 per cent in the period. The group said that 7 per cent of subscribers were accounted for by telephone subscribers who had been offered free television when they signed up.

Market penetration for television was slightly down at 22 per cent, compared with 23 per cent last time. The group has now completed 64 per cent of its net-

work, and will be spending a further £200m on completing the network by the turn of the century.

The telecommunications arms of the group generated 72 per cent of total revenues and 83 per cent of gross profits.

The group said that good progress had been made on integrating luminous, the data networking group acquired in March for £33m, and trading results were slightly ahead of plan.

Losses per share increased from 4.7p to 6.6p.

# Smith break-up plan canvassed

By Christopher Price

A plan to break up WH Smith, which would see the sale of Waterstone's book chain, Our Price Records and the newspaper and stationery business, is being canvassed by a director of the group as part of the battle for the vacant chief executive's post.

Analysts said a break-up could raise more than £1.5bn (£2.4bn) - almost £500m more than the group's current market capitalisation. They said there would be no

shortage of buyers for some of the high street's strongest brands.

Last year, Boots, the chemist chain, and a leading supermarket group are known to have considered bids for Smith, which has seen its share price fall sharply in the past year amid disappointing trading.

However, there is unlikely to be much support for a break-up among the rest of the Smith board, given that the company this year underwent a strategic review under Mr Bill Cock-

burn, who resigned as chief executive last month.

But some investors, increasingly unhappy about internal divisions at Smith, the slowness in appointing a successor to Mr Cockburn, and the depressed share price, could look more favourably on a break-up.

News of the plan, which is believed to have the support of Mr Keith Hamill, group finance director, came as internal competition for the chief executive's post intensified.

Some non-executive direc-

tors are said to have backed Mr Richard Handover, head of wholesale distribution.

At the same time, five external candidates - all from the retail trade - have been interviewed. Smith's nominations committee, made up of three non-executive directors, will meet in the next two to three weeks to make a final recommendation to the full board.

Mr Handover, 50, has been with Smith for 22 years and is seen by some non-executives as a steady influence.

# A&L expands 7% to £206m

By George Graham, Banking Correspondent

Alliance & Leicester, the former building society, yesterday surprised the stock market with a 7 per cent increase in operating profits to £206m (£336m) in the first six months of the year.

After a charge of £28m for the cost of converting into a limited company, A&L's pre-tax profits totalled £178m,

down 3 per cent. Buoyant income from its core mortgage division and from a fast-growing personal unsecured loan business helped to bolster the new bank's core capital to £1.61bn.

A&L said there was no reason why over the long term its Tier 1 capital adequacy ratio, currently 14.0 per cent, needed to be out of line with other UK retail banks. Since

the sector average is 8.2 per cent, that leaves the bank with at least £50m of excess capital.

But Mr Richard Pym, finance director, said the bank was in no hurry to absorb the surplus, which could be used for internal investment and acquisitions or returned to shareholders.

"We floated 17 1/2 weeks ago, and it might take us longer than that to get down

to the sector average," he said.

Mr Peter White, chief executive, said he had not been interested in Birmingham Midshires, the building society which Royal Bank of Scotland has agreed to buy for £605m-£630m, but had other acquisition prospects.

He made it clear that returning capital to shareholders would be a last resort.

# Arnault cuts his Guinness stake

By David Blackwell

Mr Bernard Arnault, the French businessman trying to derail the plan to merge Guinness and Grand Metropolitan, has reduced his stake in Guinness to below 11.5 per cent.

LVMH, the French luxury goods group chaired by Mr Arnault, sold 10m shares in the brewing and drinks group on Thursday at 585.35p a share. LVMH now

has 217.4m shares, or 11.47 per cent.

The City believes further opportunistic sales could be made. But the quiet surrounding the planned merger over the last two weeks is likely to continue while big institutions go through the holiday season.

Guinness shares closed yesterday down 8 1/4p at 581 1/4p, while shares in GrandMet fell 3p to 585p.

### RESULTS

|                       | Turnover (£m)     | Pre-tax profit (£m)        | EPS (p)       | Current dividend (p) | Date of payment | Dividends Corresponding dividend | Total for year | Total last year |
|-----------------------|-------------------|----------------------------|---------------|----------------------|-----------------|----------------------------------|----------------|-----------------|
| African Gold          | Yr to Mar 31      | 0.878 (1.1)                | 0.255 (0.375) | 0.25 (0.38)          | -               | -                                | -              | -               |
| Alliance Leicester    | 6 mths to June 30 | -                          | 177.6 (183.4) | 18.4 (20.6)          | 8.4             | Oct 20                           | -              | -               |
| BSkyB                 | Yr to June 30     | 1,270 (1,008)              | 313.7 (257.4) | 16.8 (13.6)          | 3.25            | Nov 14                           | 3              | 6               |
| Barrington            | 6 mths to June 30 | 9.38 (9.08)                | 4.871 (2.28)  | 28.8 (19.3)          | -               | -                                | -              | -               |
| Eidos                 | 3 mths to June 30 | 0.806 (2.65)               | 1.11 (4.95)   | 0.521 (0.41)         | -               | -                                | -              | -               |
| ENS                   | 6 mths to June 30 | 44.8 (24.8)                | 5.1 (1.4)     | 3.85 (1.04)          | -               | -                                | -              | -               |
| Flextech              | 6 mths to June 30 | 51.3 (20.1)                | 25.1 (12.6)   | 6.8 (4.7)            | -               | -                                | -              | -               |
| General Cable         | 6 mths to June 30 | 23.8 (19.5)                | 0.067 (0.07)  | 10.22 (11.85)        | 3.35            | Nov 15                           | 3.05           | 6.38            |
| Grovenor Inns         | Yr to May 31      | 95 (92.2)                  | 8.61 (8.25)   | 10.22 (11.85)        | 3               | Oct 1                            | 2.0            | 11.8            |
| Johnson Cleaners      | 6 mths to June 28 | 16.2 (15.2)                | 2.75 (2.52)   | 17.31 (15.85)        | 3.3             | Oct 3                            | 3.3            | 13.25           |
| Portmeirion           | 6 mths to June 28 | 13.4 (12.7)                | 1.52 (1.51)   | 8.01 (10.5)          | 1.5             | Oct 3                            | 1.5            | 3               |
| Treates               | 6 mths to June 30 | 138.6 (167.1)              | 56.8 (42.1)   | 72.5 (1.4)           | nil             | -                                | 1.85           | 3               |
| Waco                  | 6 mths to June 30 | -                          | -             | -                    | -               | -                                | -              | -               |
| Investment Trusts     | NAV (p)           | Attributable earnings (£m) | EPS (p)       | Current dividend (p) | Date of payment | Corresponding dividend           | Total for year | Total last year |
| Investec Enterprise   | 6 mths to June 30 | 175 (182.5)                | 0.148 (0.07)  | 1.28 (0.61)          | -               | -                                | -              | 0.25            |
| Int'l Tel. Enterprise | 6 mths to June 30 | 104.8 (90.9)               | 1.28 (1.24)   | 1.58 (1.54)          | 0.75            | Nov 5                            | 0.725          | 2.925           |

Earnings shown basic. Dividends shown net except where stated. Figures in brackets are for corresponding period. £m stock. After exceptional charge. After exceptional credit. 10m increased capital. SUS currency. \*Comparatives restated. †As at Dec 31.

مركز الأمل



## COMPANIES AND FINANCE

## CalEnergy hostile bid for NYSEG fails

By John Labele in New York

CalEnergy, the US power group, yesterday abandoned its hostile takeover bid for one of New York's leading power utilities after failing to win the support of investors.

The Omaha-based generator said it had failed to secure enough of the 6.5m shares needed to take a target stake in New York State Electric & Gas (NYSEG).

The tender offer, which would have raised CalEnergy's holding in NYSEG to 9.9 per cent, was the

company's first step in the planned takeover of the utility. A stake of more than 9.9 per cent would have triggered a regulatory review.

The shareholders have made their decision and we respect that, said Mr David Sokol, chairman and chief executive of CalEnergy. He said the company would pursue other opportunities.

"We'll be selling our shares," he added. Last month's bid, made in two parts, was priced at \$24.50 a share for the tender offer and \$27.50 for

the remaining shares in the event of clearance to take over the utility. The bid valued NYSEG at \$1.9bn.

CalEnergy had set midnight on Thursday as the deadline for NYSEG shareholders to tender their shares at \$24.50.

An adviser to some NYSEG investors said CalEnergy's two-tier approach had probably caused the bid to fail.

"The shareholders thought they were getting cheated and they were confused," said Mr G. Thomas Tranter, a vice-president in First

Albany. "Most shareholders turned it down because they thought they could get a little bit more," Mr Tranter added.

Institutional shareholders, which Mr Sokol had met, also failed to step up to the CalEnergy offer.

The tender deal was also hurt by a rally in NYSEG's share price, which climbed nearly 20 per cent during the offer.

In early afternoon yesterday, the shares were trading at \$25. CalEnergy's shares, meanwhile, gained 3% to \$35%.

CalEnergy's hostile bid was strongly opposed by the board of NYSEG, which fought it with an advertising campaign and court action.

The board advised its shareholders to reject the tender offer on the grounds that it was below the utility's value.

It also filed a lawsuit claiming that CalEnergy had "improperly used confidential information".

On Thursday, a US district judge in Manhattan rejected NYSEG's attempt to block the tender offer, allowing it to proceed.

## Nice Systems finds a niche

By John Morris in London

Thomas Cook, the UK-based travel agency, used to pay tens of thousands of pounds a year to reimburse angry travellers who complained their holiday was not what they expected.

The company was defenceless against such complaints - usually from holidaymakers who booked by phone - because it had no means of checking what had been said.

This changed when the company installed a sophisticated voice logging system produced by Nice Systems, a small, but rapidly growing high-tech company based in Tel Aviv, Israel, six months ago.

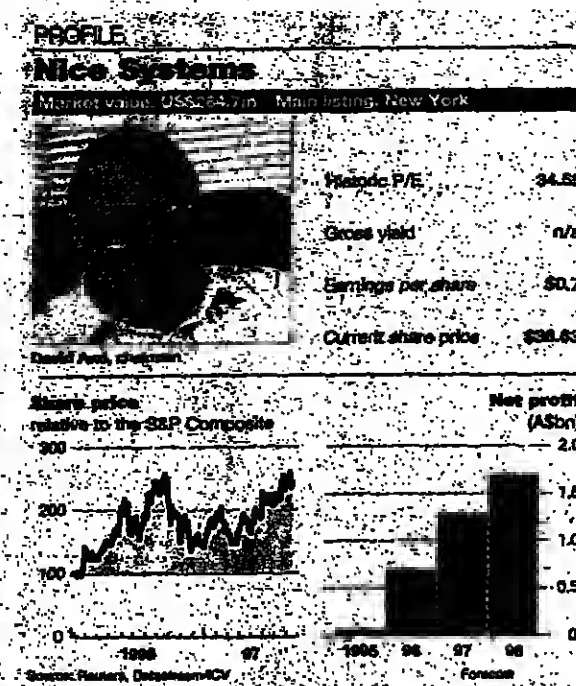
Now, at the click of a mouse, operators in the travel agency call-centre can retrieve a phone conversation and replay what was said.

Mr John Morris, operations manager at Thomas Cook, said the NiceLog system had helped the company nearly halve compensation payments.

Thomas Cook, British Gas and Bupa, the UK private health insurance group, are just some of the UK companies now using Nice Systems in call centres.

Nice sees the call-centre market as its most promising source of future growth, after establishing itself as a leader in the voice and data logging market for financial institutions and air-traffic control centres last year.

"In 1997 we are positioning ourselves to be one of the



key players in voice and data recording and retrieval in the call-centre market," said Mr David Arzi, Nice chairman and a founder of the company.

As part of this strategy, Nice raised \$97m last month in an offering of 3.04m shares on Nasdaq in New York, priced at \$34.50 per American Depositary Share. The shares were offered at more than three times the \$10 price of Nice's first Wall Street offering in January 1995.

The rise of the stock has not deterred several analysts from continuing to recommend the shares. Mr Victor Halpern, Israel analyst at Salomon Brothers, said recently that although Nice was growing at a faster rate than its competitors, its shares were trading at a discount compared with the competition.

Salomon Brothers reckons the market will grow from 4.3m operator stations worldwide in 1995 to 6.7m by 2000, and could create a market worth \$350m for voice and data logging systems in call centres alone.

Nice is taking nothing for

granted. It is carving out a niche with its Computer Telephony Integration (CTI) voice logging systems.

"Organisations are willing to invest in these systems because it actually saves them money and also enhances the company's reputation for service," said Mr Tamer Fawzi, Nice's US marketing director.

Mr Arzi says less than 10 per cent of call centres are today equipped with this type of technology, but in the long term it will become the norm. This is why Nice recently moved to acquire Dees Communications, a Canadian company which specialises in quality assurance applications for call centres, in a US\$21m deal expected to be completed this month.

The call-centre market is just one component of the voice logging market, valued by analysts at more than \$360m a year and projected to grow by about 30 per cent annually.

The fast-growing market has fuelled Nice's revenues and helped it achieve profitability. In 1995 the company broke even after two years of net losses. Last year, Nice's revenues doubled from \$30m in 1995 to \$60m, while net profits rose from \$16,000 to \$5.2m.

In the first half of 1997, net income nearly tripled to \$4.6m, while revenues rose 57 per cent to \$28m.

Avi Machlis

## SSAB signals recovery in steel prices

By Tim Burt in Stockholm

SSAB, the Swedish steel group, yesterday signalled a revival in European steel prices after pushing through increases of up to 6 per cent in the first half of the year.

Although the price rises were flattered by currency movements and improved product mix, Scandinavia's largest steel producer said underlying prices across the EU had continued to rise by an average of 3-4 per cent during the third quarter.

Mr Leif Gustafsson, SSAB president, said: "Demand for steel in western Europe has increased during the second quarter and is expected to increase somewhat further during the rest of the year. Those improved market conditions are now being reflected in our results."

In spite of his bullish outlook, SSAB's most-traded A shares yesterday fell SKr5 to SKr164 after the group reported a sharp fall in pre-tax profits in the six months to June 30.

SSAB saw pre-tax profits decline 27 per cent, from SKr1.49bn to SKr1.08bn (\$134m), on lower sales of SKr8.97bn, compared with SKr9.28bn, in the first half.

Mr Gustafsson blamed the decline on increased process-

ing costs and volatile prices which - in spite of increases in recent months - were still 4 per cent lower than at the same stage last year.

That contributed to reduced earnings per share of SKr5.9 against SKr8.3. Nevertheless, the results were slightly ahead of most analysts' expectations and several expressed relief that profits in the second quarter had recovered to SKr608m from the SKr470m achieved in the first.

SSAB is expected to report full-year profits of SKr2.2bn, almost unchanged on SKr2.09bn last year.

Some industry observers warned, however, that the second half would be adversely affected by increasing raw material costs for iron ore and coal. Such price rises could squeeze SSAB's margins, currently among the highest in the sector at 15 per cent.

In the first half, the group maintained those margins in spite of losing 50,000 tonnes of production after a breakdown at a blast furnace in northern Sweden.

Mr Anders Ullberg, chief financial officer, said the plant had been fully repaired and the group would be able to maintain deliveries to Swedish companies.

## INTERNATIONAL NEWS DIGEST

## Delta chooses outsider as chief

Delta Air Lines, the third highest US carrier, yesterday ended a three-month search for a new chief executive by announcing the appointment of Mr Leo Mullin, vice-chairman of Unicom, a Chicago-based electricity utility, to the job. It is the first time Delta has chosen a chief executive from outside the company.

The position fell vacant in May when Delta's board eased out Mr Ron Allen, who had held the top job for 10 years. Mr Allen, 55, initiated a swinging cost-cutting plan that involved 15,000 job losses. This improved profitability but drew criticism that employee morale and customer service had suffered. Mr Mullin, 54, worked as a strategic planner for Conrail, the freight railway, and as president of First Chicago, the bank, before joining Unicom.

Delta also announced that Mr Gerald Grinstein, the board member who headed the search for a new chief executive, would become non-executive chairman. Mr Grinstein said he would not be involved in the company's day-to-day business. Richard Tomkins, New York

## ■ BRAZIL

## State to cut Petrobras stake

The Brazilian government is to reduce its stake in Petrobras, the state-owned oil and gas company, to just above 50 per cent in a move which could result in a sale of shares worth more than \$6bn.

Mr Antonio Kandir, planning minister, said the government planned to sell 31.7 per cent of the company's ordinary shares and 9.2 per cent of the preference shares of Petrobras, equivalent to 22.3 per cent of its capital. He said the value of the shares was around R\$6.6bn (US\$6.7bn).

The government has not yet decided when or how the shares will be sold, but will soon hire an investment bank to examine possible sale models. Brazil has embarked on a massive privatisation programme, including the sale of its telecoms and energy sectors. However, because of the political sensitivity of the oil industry, Mr Fernando Henrique Cardoso, Brazil president, has ruled out privatising Petrobras.

Congress, however, recently approved a law which ends Petrobras' monopoly of the oil and gas sectors, permits foreign companies to invest in the industries and establishes an independent regulator. In a separate announcement, Mr Kandir said that Brazilian pension funds would be limited to taking a 25 per cent stake in future privatisations. Geoff Dyer, São Paulo

## ■ SOUTH KOREA

## Ssangyong trims losses

Ssangyong Motor, South Korea's fourth-largest carmaker, yesterday reported net losses fell to Won64.2bn (\$71.7m) during the first half from Won89.7bn a year ago. Sales rose by 8 per cent to Won712.8bn. Domestic sales fell 4 per cent because of sluggish demand for its commercial trucks and buses, while exports - mainly of four-wheel-drive vehicles - grew by 19 per cent.

Analysts said losses declined as Ssangyong approached the end of large capital investments associated with the production of its first passenger car model, scheduled for launch in October. Earnings also benefited from the sale of property assets as the company restructures to reduce its high debt burden. John Burton, Seoul

## FT/S&amp;P ACTUARIES WORLD INDICES

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| NATIONAL AND REGIONAL MARKETS |        | THURSDAY AUGUST 14 1997 |        | WEDNESDAY AUGUST 13 1997 |        | DOLLAR INDEX |        |
|-------------------------------|--------|-------------------------|--------|--------------------------|--------|--------------|--------|
| Country                       | Index  | Open                    | Close  | Open                     | Close  | Open         | Close  |
| Australia (70)                | 223.94 | 224.84                  | 223.08 | 223.08                   | 223.08 | 106.89       | 106.89 |
| Austria (25)                  | 193.03 | 193.03                  | 193.03 | 193.03                   | 193.03 | 174.70       | 174.70 |
| Belgium (20)                  | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 213.32       | 213.32 |
| Denmark (22)                  | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 174.70       | 174.70 |
| France (63)                   | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Germany (63)                  | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Hong Kong (60)                | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Italy (25)                    | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Japan (63)                    | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Malaysia (10)                 | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Mexico (27)                   | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Netherlands (10)              | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| New Zealand (14)              | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Norway (11)                   | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Philippines (22)              | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Portugal (10)                 | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Spain (20)                    | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Sweden (14)                   | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Switzerland (10)              | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| Thailand (10)                 | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| United Kingdom (213)          | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |
| USA (63)                      | 223.84 | 223.84                  | 223.84 | 223.84                   | 223.84 | 159.83       | 159.83 |

The World Index (2459) 223.84 223.84 223.84 223.84 223.84 223.84 223.84 223.84

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**FTSE GOLD MINES INDEX**

| Index                | 14      | 13   | 12      | 11      | 10      | 9       | 8       | 7       | 6       | 5       | 4       | 3       | 2       | 1       | 0       |
|----------------------|---------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Gold Mines Index (7) | 1438.18 | -1.4 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 | 1438.18 |

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PERSPECTIVES

Joe Rogaly

# We need President Mandela of Ireland

Sinn Féin likes to draw a comparison with South Africa. But the circumstances are completely different



The Irish are ace talkers. They will be at their most eloquent after September 15, when Northern Ireland's political parties are due to resume negotiations. Once again we may succumb to the enticements of hope, knowing that in all probability we will be disappointed. This time Sinn Féin will be present, if the IRA ceases fire.

We can only guess where this might lead. Call it an historic opportunity, of the same order as when in 1921 Michael Collins and Arthur Griffith came to talks in London. That settled partition. Can there be a new deal of equivalent significance this time? We wait to see how many unionist politicians turn up. It could be very few. When Ken Maginnis sat opposite Martin McGuinness in BBC 2's Newsnight studio this

week, he could hardly have been plainer. "I'm being asked... to sit down with the leader of the IRA," said the security spokesman for the Ulster Unionists, "with Martin McGuinness who has been the chief of staff, who is the godfather of god-fathers..."

The denunciation was brushed away, the allegations denied. It was a rehearsal for September. We believed Mr Maginnis, but found Mr McGuinness's performance hypnotic. He had been introduced as "of Sinn Féin", which some of us thought was the political wing of the IRA. But wait. His first response mentioned South Africa.

That revived memories of the transfer of power from the white Afrikaner National Party to the black African National Congress. During the apartheid years the

ANC had a branch, Umkhonto We Sizwe, whose activities led Margaret Thatcher to pronounce it a terrorist organisation.

No, I am not losing my wits, not meandering aimlessly from Ireland to Nelson Mandela's rainbow republic. It was Mr McGuinness who, in his silkist voice, said how courageous it had been of David Trimble, the leader of Mr Maginnis's unionist party, to visit South Africa earlier in the summer. You may have read about that. President Mandela blessed the arrival from Ulster of delegations representing republicans and unionists. The warring Irish tribes were fed, housed, and entertained in separate encampments. Face-to-face encounters were avoided.

The republican purpose is to persuade us that both sides in Northern Ireland have, in Mr

McGuinness's words, "much to learn from the people of South Africa and from people who were... very very opposed to one another and who hated one another as a result of a very deeply rooted conflict..." It sounds so reasonable we might almost fall for it. That would be self-deception. Until the new constitution was agreed, black South Africans did not have the vote. Irish nationalists are as entitled to the franchise as any other citizens. Indeed, Sinn Féin is repetitive about the "mandate" it received from republicans on May 1. True, it wins only a small fraction of the total poll in Northern Ireland and a lesser share in Ireland proper, but that is no justification for taking up arms. What may have been understandable in South Africa is hard to swallow in Ireland.

Again, much depended on the image of Mr Mandela. From the moment he walked out of prison he personified forgiveness, reconciliation, reassurance to the minority whites. Northern Ireland has no Mandela, not even in John Hume, putative next president of the republic. There are other differences, but the most important is the expressed purpose of the negotiating parties. South Africa's last white president, F.W. de Klerk, accepted that Afrikaner rule had to come to an end. That was the decisive factor. The talks were protracted. There were breakdowns and walkouts. But the end would be black rule. Every-one realised this.

In Ireland the IRA was founded to drive the British out by force. Sinn Féin has the same overriding purpose: to absorb the

north into the southern republic. This is not accepted by unionists. They command a majority of the votes in their province. The British and Irish governments insist that the consent of the Ulster electorate and parties must be given before any settlement can be accepted. Mr McGuinness and his colleagues call this the unionist veto; the rest of us call it democracy.

The waters have been muddied by hints that Sinn Féin leaders, including Gerry Adams, would consider transitional arrangements. South Africa is again the supposed model. Its first post-apartheid constitution was designed to allay white fears. The second has been negotiated since the ANC took office.

That was fine down south. Up north is different. As matters stand, unionists would vote "no"

in a referendum on any new dispensation whose purpose was to move the six counties along the road to a united Ireland. There is no intent to surrender British sovereignty, not even an unwritten understanding that that is to be the end-game.

Some republicans conclude that a quarter of a century of peaceful persuasion might win what could not be obtained during 25 years of murderous onslaughts. There are flickering suggestions that some in Sinn Féin are beginning to grasp this. Attempts to woo unionists are discernible. But we should not get carried away. The ANC emphasis was on non-violence. Umkhonto was an add-on. The IRA's priorities are the other way round. Politics is an optional extra.

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Lunch with the FT

## The man on the other side of the street

Doug Henwood, an American socialist, talks to Tracy Corrigan

Yon are scum," Norman Pearlstine, the former editor of the Wall Street Journal, is said to have said, "It is tragic that you exist."

It is clear that Doug Henwood likes the idea of being thought of as scum, or at least scum with a public profile, because he plastered the comment on a book cover. Given the advance billing, the slight of a sweet-looking, middle-aged man waiting for me at a table in a crowded Greenwich Village restaurant was a let-down. He seemed perfectly pleasant.

But, as we perused the menu at Providence and the conversation shifted from social niceties - a few hacks we both know - to his pet subjects of Wall Street, financial markets, economics and politics, I began to understand why this mild-mannered man might get on people's nerves.

First of all, he is a socialist, a protected species in America these days. Even more unusually, he is a socialist who is fascinated by finance, which means, discomfortingly, that he attempts to attack Wall Street on its own terms, without the ignorant bluster of ideology.

His new book, simply called *Wall Street*, is an indictment of the American financial system - but it is also the work of an enthusiast who has relished getting to grips with each economic statistic and complex financial instrument.

The book's conclusion, however, is that "the US financial system performs dimly at its advertised task, that of efficiently directing society's savings towards their optimal investment pursuits. The system is stupefyingly expensive, gives terrible signals for the allocation of capital, and has surprisingly little to do with real investment."

But who reads this stuff. I can't help asking, slightly more politely than that. Aren't most of the people interested in the workings of Wall Street pretty unconstructed capitalists? This, he concedes, is indeed the case. "Left Business Observer", the newsletter he writes and publishes more or less single-handedly, has around 3,000 subscribers ("It's cheap, though"), mostly academics and intellectuals.

Henwood also has a radio show on what he describes as "the local commie station" in New York. He says lots of cab drivers listen in. "There is an oppositional culture out there somewhere," he insists, though, thankfully "oppositional culture" is not yet the core of

cab driver conversation.

We pause to order. It is a stiflingly hot day, so I pick cold dishes - roasted eggplant (aubergine) purée followed by duck salad - and feel moderately virtuous. This feeling is dashed when Henwood skips a starter, explaining he is trying to lose weight, orders an omelette and declines wine.

Since Henwood's chosen career path suggests he isn't motivated by money, I am curious to know how he first got interested in finance. He says that when he was growing up in a small New Jersey town, his uncle, who lived with the family, subscribed to *Barron's*, the weekly financial publication. "He was speculating..." explains Henwood. "I started reading through it and I was sort of intrigued by that whole world."

After college, where he was an English major, and very briefly, "one of about seven" right-wingers at Yale in the early 1970s, he worked for a small Wall Street brokerage. "I was fascinated by that world, even as I found it repellent." If the firm hadn't gone under, "maybe I'd have been a stockbroker," he muses, laughing as though he finds the idea far-fetched.

By his own account, though, Henwood is no

debate over the role of Wall Street, preserve of the wealthy and savvy, is virtually non-existent

slouch at investing. He says he played the options market from 1981 to 1987 before deciding it didn't tally with his convictions. His last buy was an extremely cheap put option on US stocks (the Standard & Poor's 500 index) the Friday before the 1987 market crash, which netted him \$13,000.

After failing to complete a postgraduate dissertation on the psychoanalysis of narcissism in American poetry, he decided, in a twist I found hard to follow, to launch his financial newsletter 10 years ago. Four years later, he agreed to write a book on Wall Street, which he thought would take six months. "I don't think I realised what I was taking on when I signed the contract," he says.

In person, Henwood sounds sad rather than angry as he laments "the worship of money, the cyni-



Doug Henwood: "In many ways capitalism is at its most appealing when it is working well"

cism and the hollowness" of Wall Street. On paper, his approach is more academic, as he combs through data in his effort to challenge the prevailing orthodoxy. But his tone is irreverent; the "savings" and loans institutions bailed out by the government in the 1980s, for example, were "often run by dim provincials".

Henwood appears to relish his fringe status, as he blithely describes his political position as "off the spectrum" of conventional US politics. The recently elected British Labour prime minister, Tony Blair, seems "quite dreadful", he observes sweetly, and he tells me over coffee that he would "ideally get rid of stock markets altogether. I don't see any point in trading shares."

I protest mildly at these positions, but it hardly seems worthwhile. Besides, I do accept his more fundamental point that "there is simply no challenge to the almighty rule of the 'almighty markets'". The spectrum of political debate has narrowed markedly in the US in recent years, and debate over the role of Wall Street, the preserve of the wealthy and savvy, is virtually non-existent.

Conventional wisdom, for example, holds that the social security system is going bust. Indeed, this is so frequently stated that I had not previously realised it was a matter of debate.

But Henwood has gone back to the source of this assumption - the annual report of the trustees of the system, who, says Henwood, assumed an economic growth rate of 1.4 per cent over the next 75 years - even though such a low rate was only seen in one decade of this century (1910-1920). His own statistics, using a rate of 2.5 per cent - still below the average for the past 75 years - suggest it is not facing insolvency after all, he says.

The orthodoxy also holds that the superiority of the US financial system is demonstrated by its efficiency in providing finance for growing companies. Henwood points out, though, that start-ups tend to be financed by venture capital, a "highly romanticised" segment of the finance industry which

invested less than \$4bn in 1995. "The whole system of secondary trading that has grown up around Wall Street trades in about 15 minutes what the venture capital industry does in a year."

Companies may still have a problem getting finance "except in moments like this, when the markets are willing to finance anything that comes along," he argues.

But look at the US technology industry, I say. Hasn't access to cheap financing helped America regain leadership in that sector, creating jobs and wealth in the process?

Henwood counters that businesses where he says the US is still strong, such as the bio-technology and computer industries and agribusiness, are those which have been supported by government funding for research. It will be interesting to see what happens, he notes, as that tails off.

Still, I venture, the US economy is growing, and unemployment has never been lower. Something must be going right. Henwood counters that by official measures, 12 to 14 per cent of Americans live below the poverty line. But he reckons the bottom 20 per cent are "desperate" and the next 40 per cent are in "marginal shape".

Yet, I point out, ask most Americans which system is the best in the world, and they will pick their own, without pausing to reflect. Henwood agrees that even when things go wrong, the average American tends to see it as a "run of bad luck" rather than a systemic problem. Still, having expected a political backlash after the 1987 crash, he isn't holding his breath for an espousal of socialist values in America.

We have finished our coffees and are about to head out into the unrelenting heat of New York. Henwood appears to be giving ground. America, he admits, is "a very vital place. Capitalism is working well." Then, he adds: "But it creates great disparities and does enormous damage... In many ways it is at its most appalling when it is working well."

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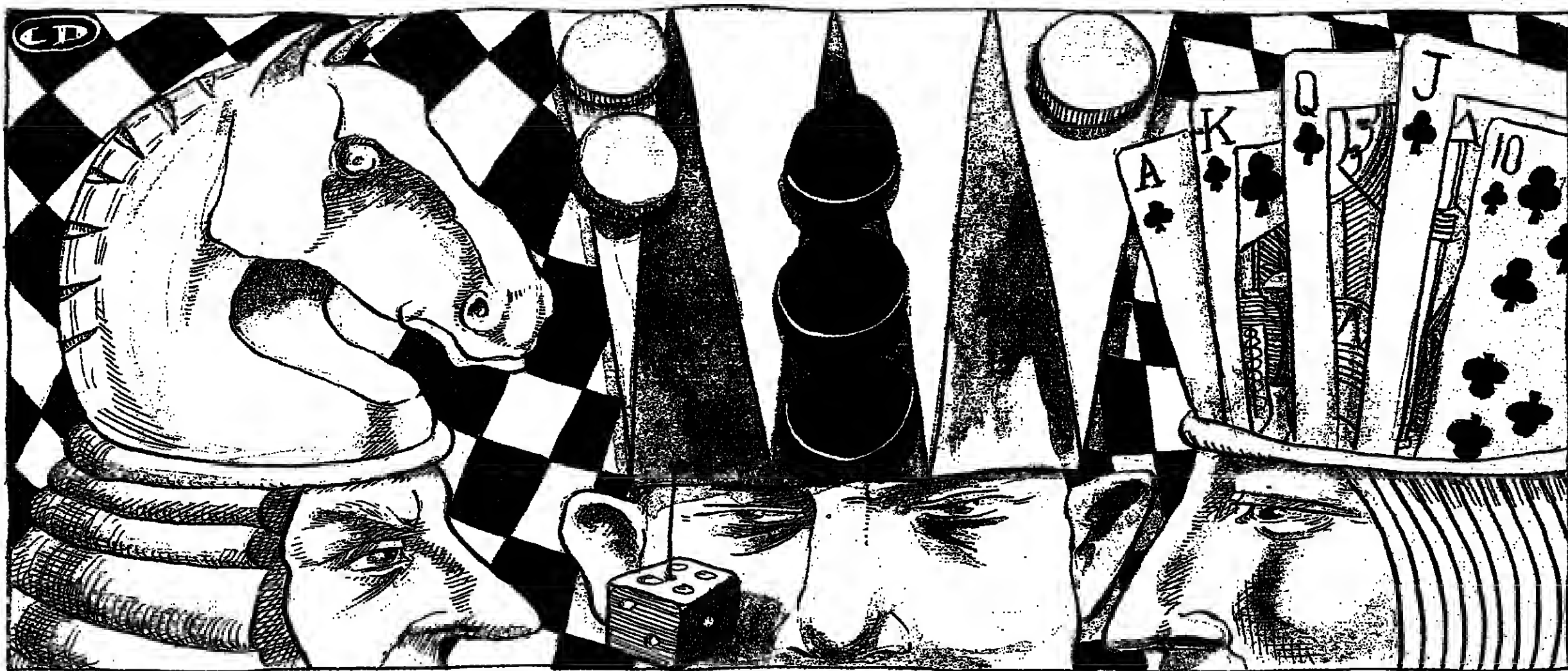
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## PERSPECTIVES



**I**s chess more of a challenge than backgammon? Does bridge require more brain power than poker? Arguments are growing over which should be considered the ultimate mind-game.

Debate will hit new peaks at the first Mind Sports Olympiad at London's Royal Festival Hall next week, as both experts and palookas do battle.

They will sit all week at chess, scrabble and backgammon boards, at the bridge table, and play a variety of modern mental combat games, such as Contino, Stratego and Twixt. Japanese chess, Oware and Fanorona will join Computer Programming, IQ tests, and Mental calculations.

Masters of more than one game can do battle in the Pentamind and Decamentation, where they will be tested over five and

## Games that other people play

Experts argue the case for their game and mount scurrilous attacks on the others. Which one is king?

**10 skills respectively. With a total prize pot worth in excess of £100,000, the organisers expect each event to be keenly competed.**

So, as the combatants lumber up for a sustained bout of verbal duelling during the Olympiad, four experts in Britain's most popular mind sports - bridge, chess, backgammon and poker - assess the individual merits of their games and, just as importantly, the shortcomings of their rivals.

Let the controversy begin:

### BRIDGE

By Paul Mendelson

Bridge combines the best elements of chess, poker and

backgammon, but adds many unique attributes of its own, to make one clearly superior game.

Bridge boasts the strategy, logic and planning of chess, without the pre-rehearsed opening gambits, interminable pauses, or tiresome academic research into past matches.

Chess and backgammon begin with pieces always in the same positions. At bridge, each deal heralds a new and, almost certainly, unique beginning.

Backgammon's main shortcoming is marked: it is an artless game. Certainly it is easy to learn; it is also simple to master. Every decision is odds-based. Backgammon's second class status is

illustrated by the bridge players who dally, expertly, with the game between hands.

Note that computers can play both chess and backgammon at the highest level. But computers are hopeless at bridge, because the game's combination of skills is almost impossible for a mere computer to replicate.

Like bridge, poker's statistical basis is tempered by the need for psychological insight, bluff, and guts. However, it is a game dominated by money, which is its raison d'être. The coffee-bouling at the poker table is insane, the gaudy childish. It is a game that allows men to become boys.

Bridge, however, is a part-

nership game and requires the disciplines and maturity of a relationship rather than the gung-ho, bachelor approach of backgammon and poker. The language of bridge, the communication and interpretation - with all its uncertainties - adds yet another level to this most complete and fulfilling of games.

### POKER

By Skelton Douglas

Deep down, honest bridge players wish they were big enough to play poker, which is the supreme game. Bridge players have constructed a highly artificial game, involving partners, where you don't even have to risk losing any money - a game for wimps, not heroes.

And who needs a partner? Partners get in the way. They destroy your deceptions by failing to recognise them. They mess up, and you still have to be polite to them. Spare me from partners.

I'll stake my knowledge, perceptions and cunning against anyone, so long as we have roughly the same amount of money, at least when we first sit down. It needs to be about the same, because it's the basic weapon - and how we keep score.

It's about more than money, of course. It's all about character. The whole human being is involved, put to the test, exposed. Any good poker player can remember the cards and do the arithmetic, calculate the pot odds and the remaining probabilities, plus a lot else.

But it is in the territory beyond technique that poker comes into its own. It

becomes a trial of self, of nerve and presence. Every part of the human body conceals or yields clues; cyber-poker would be a limp contest between software, not a life-or-death encounter with flesh and blood.

It is during the moments of discovery and revelation, when only two are left and the atmosphere is taut to breaking point, that the poker player is most alive. It is a game played out in the silence. No other game even comes close.

Skelton Douglas learnt poker in the US and ran his own school there from his mid-20s. He now lives in London, but you will never see him in the casinos. "I only play private games. The better I know the people, the more easily I can beat them."

### CHESS

By Leonard Barden

Arguably the entire growth of interest in chess since 1972 stemmed from a bet - Jim Slater backing Fischer to beat Spassky with Ladbroke's, then doubling the prize fund when the American tried to chicken out.

The \$5m on offer in this year's world championship puts the pin-money of rival games in perspective, but the real point about chess is that its appeal is universal and ageless, its timing more flexible than in any other game or sport.

Chess is one-to-one, so offers creative possibilities not available in a partnership game. Sac your queen for an elegant checkmate, find a new opening move the grandmasters have missed, or compose a two-move problem and you may be remembered in the books of 50

years hence.

And, unlike most other games, you don't need a human opponent at all. You can test your skill against a computer at different levels, or play over past classic matches in books.

Bridge sessions and smoky poker games can drag on for hours, but you can play chess at any speed, from one minute matches to postal games lasting several years.

Significantly, it's the faster varieties which are catching on most. But then in slower chess you can relax between turns: one UK master in a world team event made his move, went to his hotel room, made love to his girlfriend, returned to the board, and won a pawn.

Chess is also a good game for the British: among more than 100 nations which compete in world tournaments, UK players are second only to the Russians.

Finally, chess, unlike its rivals, allows anyone to be competitive irrespective of age or sex. The king and queen of games? Of course.

### BACKGAMMON

By John Graham

It is no accident that American options traders dominate the highest levels of backgammon. The game can never be a draw (unlike chess), and the recycling of the chequers (the game's special feature) makes predictions of victory or defeat unusually difficult. If it looks as if you are losing a game of chess or a hand of bridge, you probably are; at backgammon, you may well be on the way to winning.

It is the game of choice today for two other reasons. It has become the money

game; there is no money in bridge any more, but backgammon, at £1,000 a point, is relatively commonplace - I've heard of an American game at \$100,000.

And, amazing though it may seem, it is only in the last 20 years that we have really started to understand the game. In the late 1970s heyday of the Clermont Club in London's Berkeley Square we thought we had the game worked out, but in the 20 years since, the Americans have put backgammon through the computers with astonishing results.

Apart from the pleasure of outwitting opponents or destroying them by using the doubling cube to apply financial pressure, two elements of backgammon particularly delight. The options are endlessly fascinating: in a given position should I play a forward game, a running game, a blitz, a one-point game, a holding game, and so on? Should I hit, block, or recycle? Double, redouble, drop or heaven?

Second, there is an exquisite aesthetic gratification in creating the perfect position that can cope with any of the 21 different sets of numbers the dice will throw up.

In 1972, the late Jimmy Goldsmith was buying three companies from Jim Slater, but they couldn't agree on the price: \$42m said Goldsmith, \$43m said Slater. They played a game for the difference, and tossed to see who would choose the game.

Goldsmith won the toss, chose backgammon, and won. "If I had won and opted for chess," said Slater, "Jimmy almost certainly would have lost. Jimmy's passion for speed made chess a game he never enjoyed."

John Graham is a former foreign correspondent, war correspondent and US editor of the FT. He remembers a backgammon game in the 1980s at £1,000 a point, but now plays for quieter stakes.

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## The ultimate sporting challenge

The history books, sports commentators routinely assure us, are rewritten most Saturday afternoons, whether it be at the racetrack, or on the football pitch or basketball court. Our readers have generously helped out this important process by returning to the great moments in sporting history and telling the story as it really happened.

Our ultimate summer sporting challenge set readers the task of creating one special sporting event, performance or incident in history - a magic moment that might have been.

As you might expect, British boxers hold more titles than is generally realised, the English football team has won far more World Cups than officially recognised, and Tony Bullmore, unbeknown to most sailors, won the America's Cup back in 1992.

It was also convincingly explained to us that Shane Warne, generally regarded as an Australian cricketer, was born in Yorkshire and ineligible to play for his adopted country in the five completed Test Matches, whose results are to be reviewed by the International Cricket Council. Mr Warne will play for England in the 56th Test beginning this Thursday.

However, our two outstanding revisionists, who are to receive two business class return air tickets within Europe, courtesy of Lufthansa, have produced the following vivid memories:

■ Murray Walker was leaping out of his trousers. "Damon Hill is leading by 30 seconds."

But then, three laps from the end of the race: "Hill's got a problem," Murray yelled, "he's cruising". Damon was stuck in third gear. Villeneuve was closing fast. They came across the line...side by side. Hill clinched the victory by a tenth of a second. "Fantastic Incredible!" (Frank Bellamy, Kensington, London)

■ Sir Francis Drake playing on Plymouth Hoe. A shout: "They come. See the great galleons' sails on the horizon." Howard, facing the loss of 100 guineas, is all for taking ship at once, but Drake, who has not beaten him since 1554, will have none of it. Later he boards,



The hand of God: England goalkeeper Peter Shilton punches clear in the 1986 world cup quarter final against Argentina. Diego Maradona leaps but can't quite get his head to the ball.

Reportage then abandoned by Andy Murray

a richer man. Sadly the tide has ebbed so far that the English fleet hits sandbanks and is lost with all hands. The Spanish ships anchor unopposed and march on an undefeated London.

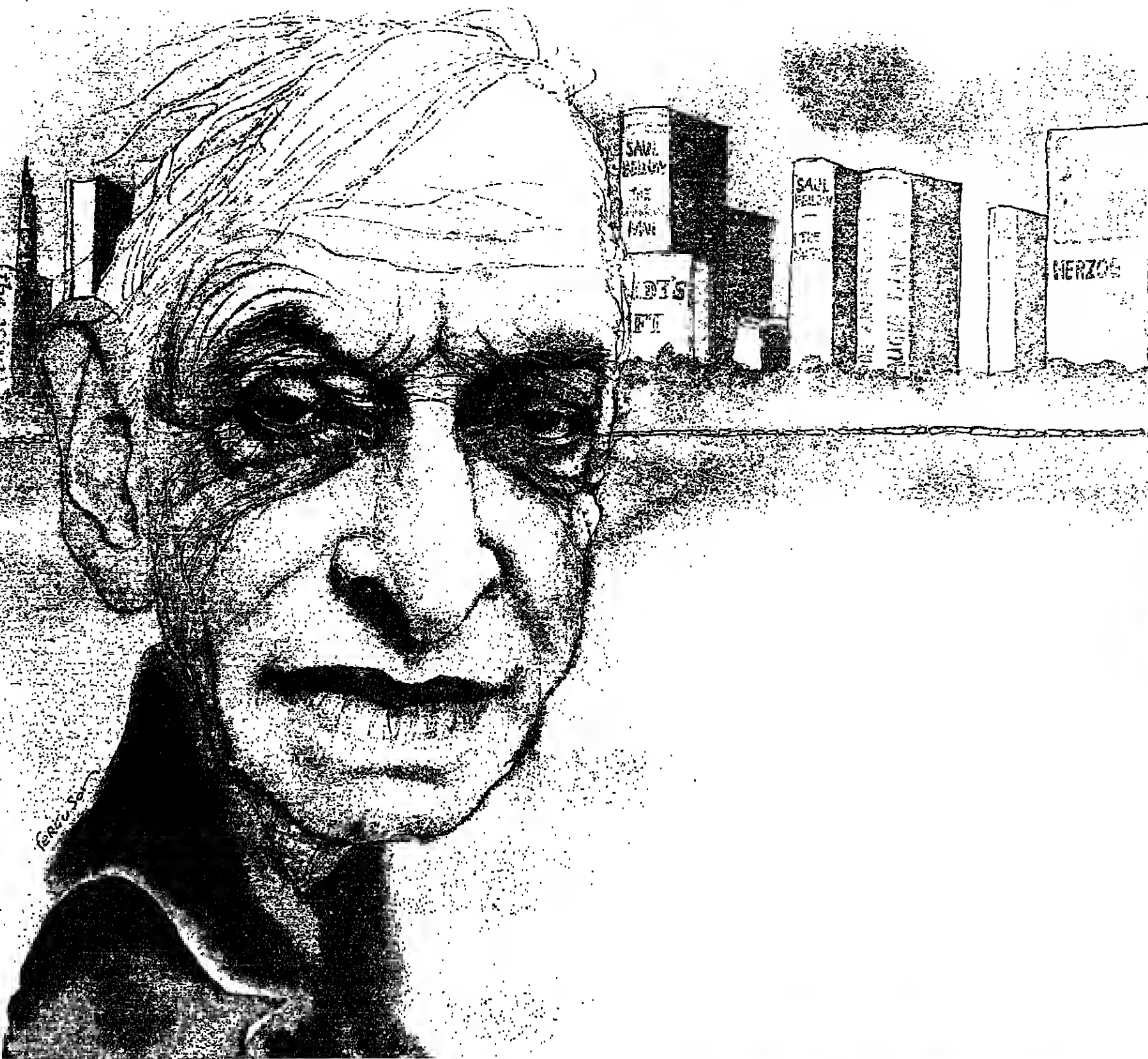
(Mike Fawcett, Guildford, England)

Well done and congratulations to all prize-winners in our eight-week series of sporting challenges. Commiserations to those who missed out. But we read every entry and enjoyed them all.

هكذا من الأجل



BOOKS



## Humboldt's poor relations

Justin Cartwright finds only a few flashes of vintage Bellow in his latest work

**T**he "actual" of the title is Amy Wustrin, the childhood sweetheart of Harry Trellman, a wordy man with - from Bellow's canon - a typically Chicagoan history and an enquiring if odd mind. Through the agency of a nonagenarian millionaire called Sigmund Adlesky, Harry and Amy are brought together on rather idle business, including a mission to rebury her late husband and her father.

Many of Bellow's best characters are these rather singular men, who both enjoy the real world in an anthropological way, and are themselves otherworldly and

intellectually detached. In short they are essentially academics, although as far as I know only the Dean in *The Dean's December* is actually a practising academic.

But the trouble with this little book is that Bellow has lost his sure touch. His particular way with language, such a pleasure in the past, now seems to be oddly repetitive and sometimes pointless. Worse, the characters are the poor relations of much richer, fuller and more deftly described characters in other novels. There are many passages which might have been had pastiches of abstracts from other books, particularly *Humboldt's Gift*.

The character of Harry Trellman

has flashes of vintage Bellow: "In the New World, his immigrant melting-pot generation of malnourished teen-weenies produced six foot sons and

**THE ACTUAL**  
by Saul Bellow  
Viking £12.99,  
112 pages

luxuriant daughters. I myself was both larger and heavier than my parents, though internally more fragile perhaps." But even this is a familiar Bellow theme, the immigrant children in a wholly American world. Bellow's

description of Adlesky - and Bellow's physical descriptions were incomparable - is sadly lame: "To be a trillionaire is like living in a controlled environment. He was a little guy, shrunken by his great age."

The Chinese-looking Trellman's relationship with Amy Wustrin, a childhood sweetheart whom age and disappointment and romantic adventures have made - in typically Bellowesque fashion - interesting, is a poor re-run of other relationships, particularly the relationship between Charlie Citrine and Renata in *Humboldt's Gift*. There is a brief description of Chicago which reminds one of Bellow's powers: "the thick, dried

urban grumbo of dark Lake Street" - but otherwise nothing compares with the breathtaking descriptions of winter in Chicago in other books. And so with the dialogue, only very brief reminders of vintage Bellow amongst sometimes embarrassingly banal conversations.

When Bellow announced a few years ago that he would keep his future work brief, there was the promise of some lightness, some deliberate entertainment, a sort of skilful rendering down of his life's work, a series of master-classes in note form. What we have in *The Actual* is confirmation that age does take its toll, even on a genius like Bellow.

## A heartfelt look at mankind

**T**hroughout its modern political history, western society has championed the strictures of cool, dispassionate argument over the heated engagement of the emotionally committed. The virtues of detachment are taken for granted: how else to settle warring claims? What better way to extricate ourselves from the distorting pressure of the moment than to step back into the comforting realm of objectivity?

But the authors of *Disclosing New Worlds* claim we are losing something by systematically allowing our heads to rule our hearts. It turns us into control freaks, constantly seeking explanation and demanding rational analysis when, occasionally, the situation demands otherwise. In a period of rapid change, for instance, some events defy such analysis, because the very definition of what counts as hard "facts" is changing before us.

"Consequently," say the authors, "we find in the halls of business and of politics many people living in a state of profound resignation. They feel themselves losing touch with the world, and after failing to develop analytical explanations of ever-new domains, they begin building protected niches for themselves."

In sharp contrast and running parallel to this attitude, which the authors label as modernist, is the post-modernist view of the world: all change is good, to be enjoyed, embraced and accepted as part of the human condition. But this will not do either: if we regard our sense of selfhood as some nostalgic irrelevance, how do we make any kind of commitment, to workplace, friend or loved one?

*Disclosing New Worlds* is an attempt out of this dilemma: how do we overcome our intellectual addiction to detachment and convince ourselves that we can still change the world, and how do we rediscover our history-making skills amid the ever-mutating world all around?

The authors' argument is ambitious, densely-argued and unashamedly complex. They focus on three archetypal figures who can deliver us from our impasse: the entrepreneur, the virtuous citizen and the "culture figure", who can cultivate solidarity among a community.

All three figures have in common an ability to grasp intuitively what is not

always available to rational thinkers. In the first case, the authors analyse the ability of King C. Gillette, inventor of the safety razor, to revolutionise the way men regarded an essential masculine ritual.

This was no random fluke, but a historically sensitive insight which would forever affect our culture. "Gillette sensed that masculinity could... he understood as commanding things and getting rid of them when they ceased to serve, rather than as caring for and cherishing useful and well-engineered things".

In the second case, Spinoza, Flores and Dreyfus endorse the virtue of civic activism by looking at the case of the Mothers Against Drunk Driving movement in the US. They contend that it is the very participation in such a movement that is as

**DISCLOSING NEW WORLDS**

by Charles Spinoza, Fernando Flores and Hubert T. Dreyfus  
MIT Press £14.50, 222 pages

Important (if not more) than the substance of its argument, Traditional liberalism, they say, promotes an aloof resignation by its emphasis on abstract reasoning and private judgment: "(But) a reflective judgment does not amount to a change of heart".

Finally, the "culture figure" is epitomised by Martin Luther King, who was an exemplary articulator for his cause "because his actions reminded Americans of a concern that was an essential part of their past and thus of their identity." Through such expressions of shared cultural values are people made aware of their heritage, and thus able to resist the creeping trend of anonymity and consequent feeling of helplessness.

It is refreshing, amid the gloomy talk of end of history and death of ideology, to find a book prepared to revise the traditional liberal agenda with such thoroughness, if not style. The difficulty of *Disclosing New Worlds* will preclude it from making any great impact; but it stands as a brave attempt to reformulate the relationship between democratic rights and economic progress in an age when the triumphalism of technological advance masks an unconfident vision of the future.

Peter Aspden

**S**tories about the origins of the universe are called "cosmogonies". Every society has one, usually as a component of its religion. Some invoke the creative agency of a deity, or the copulation of Chaos and Night, or the cracking of a cosmic egg. Their oddity is that they do not question what explains the existence of cosmic eggs or deities in the first place. And that is the grand mystery: how did anything at all come to be?

Astonishingly, science in our century has tackled that question, and come up with extraordinary answers. Alan Guth is one of the leading scientists in this field, whose work has had a revolutionary influence. He addresses the hardest cosmological question: given that the laws of physics say matter can neither be created nor destroyed, how could it come into existence? And how, from its beginnings in nothingness, did the universe become so large?

Physics has it that the universe originated in a "Big Bang" about 10 to 15 billion years ago. Since then the universe has continually expanded; everywhere one looks in the sky galaxies are receding, like raisins in rising dough moving apart from each other - the further away they are, the faster they are moving.

One puzzle about the Big Bang is: how, if the universe has expanded smoothly from its initial fireball, did stars and galaxies form? Inspection of the Big Bang's leftover radiation suggested at first that matter should be evenly distributed. But the universe is "lumpy"; visible matter has aggregated into stars and

## In the very beginning

A.C. Grayling on new, intriguing speculation about 'Big Bang'

galaxies, with what seem like vast tracts of emptiness about in between. How did this happen?

A recently offered answer is that visible matter represents only one per cent of the universe's true mass, the rest consisting of "dark matter". Belief in the existence of this mysterious stuff is not prompted by experimental results; it is demanded by pure mathematics. But "dark matter" theorists predicted that investigation would reveal irregularities in the Big Bang's leftover radiation - and just such irregularities were detected by a NASA satellite in 1992.

But this work only intensifies the puzzle of how the Big Bang itself happened, and how it quickly produced so much visible and invisible matter. In 1975 the physicist William Tryon suggested that the universe began as a "quantum fluctuation". Almost anything can happen in a vacuum - which according to quantum theory is not a quiet nothingness but a tumult of subatomic events. For example, a motor-bus could suddenly appear in one (although the chances are

very tiny). Tryon surmised that the universe came about in exactly that way: a spontaneous quirk in nothingness. Bizarre as the idea seems, it is perfectly consistent with the laws of physics.

**THE INFLATIONARY UNIVERSE**  
by Alan H. Guth  
Jonathan Cape £18.99,  
358 pages

contributions, including Guth's, figure. Guth gave the Big Bang theory a new twist by putting forward his "inflationary universe theory", suggesting how, in the first incredibly tiny fractions of the first split-second of the universe's existence, an immense quantity of matter was formed, expanding the universe by a factor of 10<sup>25</sup> or more. After postulating this stupendous spurt of growth at the first instant of the universe's existence, Guth's theory allows the universe to continue as described in the standard Big Bang model.

Understanding Guth's proposals requires a lot of background, which he therefore provides - and with great lucidity. It is stimulating to have a first-hand account of these exotic and imaginative speculations about the world's beginnings, an account which amounts to a very readable history of recent cosmological theory. Guth's suggestions have proved immensely fruitful: since the publication of his ideas a decade ago, over 200 papers have appeared each year suggesting different versions of "inflation". The core insight remains: that the whole universe could emerge, almost instantly, from the tiny seed of a vacuum fluctuation, given some exciting possibilities about the geometry of space. "Big bang fields", "supercooling", solutions to problems about monopoles and other exotica - and much besides.

Universal inflation can be likened to doubling grains of wheat on a chessboard's squares, starting with one grain on the first square, two on the next, four on the third, and so on; by the sixty-fourth square the number of grains required exceeds 9,000,000,000,000,000,000,000 (2 to the power 63). Describing the actual process is not so easy; it involves piecing together the intricacies of theories in both quantum and relativity physics.

As popular accounts of recent science go, this is not one of the simplest tomes, but for that reason is all the more educative. Guth does not record a finished effort, but work in progress, in one of the most fascinating and fundamental fields of human enquiry. It handsomely rewards study.

**F**oreign correspondents for British newspapers tend to find re-entry difficult. They come back to a country which looks to them smaller, meaner and nastier than the one they left.

Not this reporter. The title of the book is misleading, for Fishlock's Britain floats in a warm sea of familiarity, nostalgia and love. It is the calm and hushed Isle for which generations of colonial servants have been ready to die and in whose country churchyards they dream of resting their bones. The Morning Munnies have got it wrong, Fishlock says: they mistake evolution for decline, disorientation for crisis.

Anyone who has read his dispatches for *The Times*, and latterly for *The Daily Telegraph*, will recognise this journalist's old-fashioned (in the best sense) talent for colourful reporting. Here, he is in full literary bloom. If his subjects smack sometimes of the tourist brochure - swan-upping, the Tower of London, quill pens, Lord Montagu of Beaulieu - there is nothing bland about his manner of describing them. Even so, one would have welcomed a more jaundiced eye from one who has lived out east and seen a few things.

This is a very literary travelogue, worthy of Jan Morris and other distinguished graduates of the "old" *Times*. It is stuffed with plum English words of the sort now kept alive only in former imperial outposts such as Bengal. "Buggergrip whiskers", "gudgeon", "mulligrubs", "caltrops" and "fanfaronade" all occur within a few pages.

Sometimes the jostling similes fall over each other:

## Pilgrimage through the motherland

Christian Tyler on an elegant literary journey through Britain

"To the eye wearied by the dishwash monotone of the waves, the coast in sunshine has all the dazzle of curtain-up in a theatre, the vividness of a newly-sliced melon." Or, later: "sticky pastries squirting yellow nectar, two-handed huns as big as horse droppings."

**MY FOREIGN COUNTRY**  
by Trevor Fishlock  
John Murray £18, 276 pages

Fishlock begins his pilgrimage in the great naval dockyard of Portsmouth, where his father served in the Royal Marines and where young Trevor was a cub reporter on the *Evening News*. He voyages between greasy spoon cafés, cheap hotels, local newspapers and museums, and he is always on the lookout for a story.

Wales, the land of his fathers, takes up a great deal - for this reader, too much - of his time. There, he recalls Bertrand Russell describing his own grandfather's encounter with Bonaparte on Elba, the same Bonaparte whose wars cut off the Continent and made Snowdon a popular tourist spot.

He discovers the rare Snowdon lily and a hole in the woods in the Wye valley where a doctor from Detroit dug for proof that Bacon wrote Shakespeare's plays.

He skims through Belfast, where a stallholder in the Shankill Road is selling his inscribed "Proud To Be A Baby Prod" (in the leafy London suburb of Dulwich car stickers say Baby on Board "as if they were badges of fecundity").

He visits Glasgow, whose diet makes it the coronary capital of Europe. In northern Scotland he meets the transatlantic oarsman and round-the-world yachtsman John Ridgway, who is fussy about stacking the dishwasher and confesses an aversion to sailing: "I don't like the sickness and I'm frightened of the dark."

Newcastle upon Tyne is muscular and elegant, like a heavyweight boxer in an expensive suit. Yorkshire throws up its traditional stereotypes: Old Tyme Dancing and contempt for the south - what Fishlock calls "hard rock's contempt for soft chalk."

The writer is not blind to the changes in British life: the rise of the en suite bathroom and the fall of the pub. He is aware how folk

memory has been paved over by the heritage industry and garbled by television fantasies on everyday life. He has identified the intriguing tensions created by urban refugees and well-to-do pensioners who colonise remote and picturesque areas.

At the end of the book, the author confronts his own lack of emotional detachment, his failure - if it can be called that - to see Britain with the long focus of the expatriate reporter. He calls it "the enigma of allegiance, a mystery central to my own experience as a foreign correspondent." Loyalty, he concludes, is "the emotional and territorial imperative that is as fundamental and natural a force as hunger or sex."

Native readers may disagree that Britain is the comforting, changeless and resolutely quaint place Fishlock describes. But then everybody sees his own country in his own way. A motherland is more than a set of habits practised in a particular landscape. It is a mental construct, built out of memories and desires.

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## BOOKS

## Candid portrait of the literati

Anthony Curtis recommends the fascinating memoirs of two outspoken diarists

Looking back on his life from his present viewpoint at the age of 80, Nigel Nicolson is interestingly frank about his inheritance. He writes: "I am often asked whether it is a handicap or an advantage to have had well-known parents. Undoubtedly it is an advantage."

We see him standing anxiously among those parents in a family photograph of 1929 when he was a boy of 12 about to leave his private school for Eton. His brother Ben, the future art historian, stands beside him but is already, one feels, in a world of his own. His mother Vita looks downward in disapproval as she leans gracefully on a stone ledge - this is Long Barn not Sissinghurst - slightly apart from the male trio, closer to her dog than to her brood. "She hated being photographed", we are told. Nicolson wishes now that he had taken greater pains to know her better.

Harold, pipe in mouth, stands behind Nigel, his hands protectively on his son's shoulders; his penetrating eyes

are likewise fixed on horizons way beyond family life. No wonder he seems thoughtful. This was the year, 1926, in which Harold gave up a most promising career in the diplomatic service for the hazards of living by his pen as biographer and a reviewer.

Nigel has made several, almost as traumatic, fresh starts in his career, and they have given his memoirs their unusual pattern. Instead of the normal trajectory from childhood to adulthood life, they are arranged thematically - the son, the soldier, the Bloomfield, the publisher and so on. It makes the book very user-friendly in today's jargon. If, for example, you wish to find out exactly what happened in the Bournemouth Conservative Party Association in 1956 that led to Nicolson's de-selection as

its Member because of his public condemnation of the Suez adventure, you can find it as an absorbing self-contained narrative in his chapter, "The Politician".

That was not the first time that history caused Nigel Nicolson to change tack. He had barely left Balliol in 1938 to start work in Newcastle with the Tyneside Council of Social Service when the war broke out, and he went to Sandhurst for training as an officer in the Grenadier Guards.

His war service took him to northern Italy and southern Austria in April - May 1945 during the notorious "repatriation" of the Croats and Croatian Yugoslavs that led to their massacre. He thus became a key witness for the defence 40 years later, during

the libel case brought by Lord Aldington against Nikolai Tolstoy. Here again the whole episode can be reviewed in depth in Nicolson's retrospective account.

**LONG LIFE: MEMOIRS**  
by Nigel Nicolson  
Weidenfeld & Nicolson £20,  
310 pages

**ANCIENT AS THE HILLS:**  
**DIARIES 1973-74**  
by James Lees-Milne  
John Murray £20, 228 pages

To be in a minority of one, or thereabouts, is very much part of his pattern. It happened again when he became a publisher after the war in partnership with George Weidenfeld and they

decided to publish *Lotus* - much against the advice of Harold, who wrote a passionate letter to Weidenfeld trying to dissuade him. Nicolson's pen-portrait of his former publishing partner is a triumph of tact and perception.

Nicolson got himself into even hotter water when he decided to make his mother's secret diary of her affair with Violet Trefusis (as a boy he had no idea what was going on in his mother's private life) the basis of his book about his parents, *Portrait of a Marriage*. But he stuck to his - as it turned out on this occasion - lucrative guns. These episodes represent but a few of the plums in a fascinating and disarmingly candid volume.

It so happens that James Lees-Milne, biographer of Harold, friend of both Nicolson

father and son, records in his latest book of *Diaries 1973-1974*, *Ancient as the Hills* his reaction to the news that Nigel Nicolson was going to make public his mother's love journal. He did not advise against publication but he did think that, in the event, Harold's peccadilloes (as he puts it), which were occurring at the same time, were unfairly edited out of the total picture.

Lees-Milne was a man 65 during this period - he is now 89 - but already he is beginning to feel his age as he records the deaths of several old friends, including Hamish Erskine, Henry Green, William Plomer, and Nancy Mitford, of whose family funeral we have a memorable account. As a daily diarist Lees-Milne has the verbal equivalent of perfect pitch. He writes an extract almost every

morning and never corrects, or needs to correct, a word. It is a hothouse world he inhabits of almost exclusively titled people that can pull after a time, but he is undoubtedly its peerless Saint-Simon on whom future social historians will lean.

I particularly enjoyed the story of Georgia Sitwell fulminating to the Leicester Galleries over the portrait of Sacheverell who had commissioned from Graham Sutherland. It was (she said) a gross and horrible caricature for which she refused to pay. It transpired that what she had seen was his portrait of Adm. Sir. Older FT readers and colleagues will be entertained by the entries concerning Lees-Milne's great friends, Joan and Garret Droghda.

Very occasionally a gust of right-wing rage, even a hint of racism, ruffles the immaculate surface. This was Old Labour's years of coming to power and, we are told, almost certainly the end of civilisation as we know it. In spite of such tantrums this is a book no guest-room can afford to be without.

## A muddled look at harassment

Five years ago, a student at a prestigious college at Melbourne University complained to the police that she had been indecently assaulted at an end-of-year party. She claimed that the man danced with her and groped her breast, persisting even when she removed his hand. When he appeared in court, the charge was "found proved". In Helen Garner's slightly ambiguous formulation, and almost immediately a second set of allegations was made public.

Another student at the college accused the same man of inviting her into his office during the party, admitting he had sexual fantasies about her, and asking if she would mind if he made an "indecent" approach. Then, she claimed, he touched her breast. Both women gave evidence at the man's appeal against the guilty finding and the judge described one of them, the dancing case accuser, as "an excellent witness". But he said the allegations had not been proved beyond reasonable doubt and set aside the original decision, awarding the defendant costs of nearly \$16,000.

What made the case so explosive in Australia was not just that it revolved around sexual harassment. The accused man was not another student, but the Master of Ormond College. (He appears as "Colin Shepherd", a pseudonym, like every other name in Garner's text.) Ormond admitted women students 20 years before the alleged incidents took place yet the extent to which its inevitably masculine culture had changed seems to have been an important element in the case. Garner's interviewees provide conflicting accounts - this is not a book which fosters strong conclusions - but a picture emerges of an institution intensely conscious of its traditions and uneasy about the presence of female students.

Nor do the college authorities seem to have known what to do when the allegations first emerged, on the morning after the party. The Vice-Master, to whom they

were reported, agreed not to speak to the Master because "often the perpetrator of sexual harassment is unaware that harassment has taken place. We were hoping that conciliation would let everyone concerned come out of it with dignity."

This kind of response can easily be interpreted as a reluctance to get involved or even a cover-up, and the fact that the allegations ended up in court suggests that something went badly wrong at Ormond. Pre-existing attitudes at the college to sexual harassment, together with the bewilderment and horror generated by the accusations, seem to have created a highly-charged atmosphere in which taking sides had a higher priority than establishing what actually happened.

**THE FIRST STONE:**  
**SOME QUESTIONS OF**  
**SEX AND POWER**  
by Helen Garner  
Bloomsbury £8.99, 216 pages

lishing what actually happened.

Unfortunately Garner herself quickly becomes as emotionally involved as anyone else. Her account opens with a transcript of a police interview with the Master but quickly plunges into a fractured and highly personal narrative of her attempts to make contact with the protagonists. As a consequence, I had to read the early chapters several times to work out the criminal charges and the outcome of the two court hearings. Most bewildering of all, in a book which has been praised for not taking sides, is that Garner's point of entry into the case is a letter dashed off to the Master after she read in a newspaper about his first appearance in court. "I still remember the jolt I got from the desolate little item: *Has the world come to this?*" she writes in an early chapter of *The First Stone*.

Next she calls her friends, "feminists pushing 50", and discovers similar reactions to her own. "He touched her breast and she went to the cops? My God - why didn't she get her mother or her friends to help her sort him out later if she couldn't deal

with it herself at the time?" It did not occur to Garner at this point, she admits, that the accused man might be innocent. But she experienced such "rushes of horror" all day that she sat down and began a letter to him, apologising: "What I want to say," she wrote, "is that it's heartbreaking, for a feminist of nearly 50 like me, to see our ideals of so many years distorted into this ghastly punitiveness."

People all over the world experience furious reactions to items in their daily newspapers, but few of them go off and write a book about what they've read - and if they do, they may come to realise that outrage on this scale is not an appropriate tool for so delicate a dissection. Garner's subjective approach is almost certainly deliberate, a reaction against traditional male discourse and its inability to provide "a version complete with tones of voice, body language, atmospheric shifts, all those details and quivers of meaning that men are notoriously so hopeless at delivering." Yet this blow against pseudo-objectivity is not as telling as she imagines, for the simple reason that what she puts in its place cruelly illuminates her own confusion.

This outcome was inevitable from the moment her ill-advised letter to the Master became public, detonating her chances of talking either to his accusers or their friends at Ormond College. In that sense, the book is not really about the Ormond case or even, as the sub-title would have it, "some questions of sex and power." It is instead the anguished cry of someone who feels dispossessed, someone whose proprietorial attitude to ideas is outraged by her own assumptions, frequently untested, about what other people think and believe. Garner's problem is that she thinks she knows about men and women and sex and desire, but on the evidence of this muddled book there is no reason why other people should listen to her.

Joan Smith



Self-portrait by Dame Laura Knight, painting her friend, Ella Naper, in 1913. Taken from 'The National Portrait Gallery' by the NPG's director, Charles Seymour Smith, in which he has chosen 120 works from the gallery's collection, with famous faces ranging from Elizabeth I by Marcus Gheeraerts the Younger to Elizabeth II by Andy Warhol. The collection also includes portraits by photographers such as Richard Avedon and Helmut Newton (National Portrait Gallery Publications £25, 240 pages)

work which leaves an impression of tragic, poignant gravity, ending on the verge of the literal grave, with its central figure a man doomed yet superb in his fierce, sensuous attachment to life - such is not the kind of novel commonly associated with the name Ronald Firbank. He once complained that being addressed as Firbank made him think of galoshes. But a bardic posthumous fate has condemned him to be thought of with, and perhaps even as, a giggle.

His last completed novel, *Concerning the Eccentricities of Cardinal Pirelli*, is indeed full of the presumed giggles, along with sexual innuendo and generally camp, often Catholic jokes which have probably repelled as many would-be readers as they have fostered a slightly tiresome cult. But Firbank, picking his way fastidiously in the steps of Shakespeare, also knows how to alternate the comic and the deadly serious. Ultimately, *Cardinal Pirelli* is as tragic a spectacle as *Antony and Cleopatra*. It too is about love and lust enjoyed by someone of high position in the world, whom the world conspires to punish and destroy.

Rereadings/Michael Levey  
Cardinal sins

Cardinal Pirelli does not take his own life. It is taken from him by mercifully swift death. In the nave of his own cathedral, as he vainly pursues a teasing cupid of a choirboy. He is left naked, except for a wondrous mustard-pot of a mitre. Thus he eludes his summons from Rome and his formal unfrocking by the Pope.

At once martial and queenly, descended from a warrior-line yet sometimes out on the streets in drag, the unashamedly bisexual Cardinal is both Antony and Cleopatra. It might sound like the recipe for a fully-requited, life-long love-affair (one of his names is Narciso), but the Cardinal recognises its stultifying condition. The campy tone falls to disguise the anguish of his remark when in retreat, already under accusation and pondering his defence: "It's queer, dears, how I'm lonely!" he exclaimed, addressing the ancient Zurbarans flapping austere in their frames."



By his apt choice of Zurbaran as the painter of a set of religious canvases in the Cardinal's monastic dining room, Firbank provides a minor indication of his artistic seriousness, and of his art-historical awareness. Despite his Italian surname, Cardinal Pirelli is Spanish, and the novel is located in a wonderful white Andalusia, evoked with the vivid

economy of scenes glimpsed on a rapidly fluttering fan.

The Cardinal responds intensely to the contrasting aspects of his see: bustling, social excitement in the city and the tranquil silence of vineyards and orange-gardens in the autumnal countryside. Allured by both worlds, he yet has intimations also of the otherworldly. A vision of the great Spanish saint, Theresa of Avila, appears to him in his beleaguered loneliness, and Firbank provides a major indication of his own artistic seriousness, with the proud, scandalously hedonistic prelate falling to his knees to pray, "Teach me, oh, teach me, dear Mother, the Way of Perfection."

It is characteristic of Firbank's art that under all his delights in the shimmering, amusing and absurd surfaces of life there lurks a residual sadness. He tacitly asserts the artist's right to create works of art of shot-silk mood and

opalescent effect, shifting and changing in the light of fresh scrutiny, and becoming more complex as a result. And when one returns to *Cardinal Pirelli* it is apparent that, consciously or not, the Cardinal has been weaving his own pall throughout the book: a splendid El Greco-style pall in black and gold, where there gleams amid the rich embroidery a skull.

Our century should have no difficulty with Firbank since it has had none with novelists such as Evelyn Waugh and Nabokov, and there must still be some audience for stylish, witty and sophisticated novels which bravely decline to mirror daily life in Belfast or Bangladesh. Perhaps the fact is that many people are secretly afraid of the work of art that is flagrantly polished and fashioned not in the reassuring shape of a chipped earthenware mug but in that of a goblet of Venetian glass, convoluted, extravagant, and challenging to conventional ideas of usefulness or taste.

Those daring to reach out and grasp Firbank's work are, however, liable to be surprised. Far from being fragile, in firmness of purpose it is akin to steel.

Fiction/Michael Thompson-Noel

## A chip off the old geek block

Po Bronson's first novel, *Bombardiers* - about Wall Street investment banking - was a planetary best-seller. All the more reason, then, to warn you, as you head for summer beaches, not to snatch up Bronson's second novel, which is strictly for geeks and nerds. It is as flat as a chip, as dull as Bill Gates. On second thoughts, Gates would have to be livelier.

In an author's note, Bronson says that when he told people in Silicon Valley he was writing a novel about the computer industry, many wanted to know if it was about Bill Gates. "A lot of people," says Bronson, "wanted me to bring [Gates] down, but I was more interested in writing about today's [computer] entrepreneurs than today's moguls."

The reason he was more

interested in entrepreneurs than moguls, he says, is that a lot of enterprising people in Silicon Valley are attempting to weaken Gates' grasp on the computer industry's levers of power by undermining the near

monopoly on desktop operating systems that Gates has established.

Fair enough. So Bronson gives us Andy Casper, a would-be "Ironman" - geek talk for big man in Silicon Valley - who is languishing in the basement of a distinguished research lab. The lab's chief engineer sets Casper an intriguing task: to design a cheap computer, one that sells for only \$300.

The \$300 computer project is about populism and democracy, no less - producing a computer for the poor, huddled masses of the world that doesn't cost more than other small home appliances: TV sets, microwaves, stereos.

That is enough of a plot, I imagine, to grip geeks by the throat and send them howling-eyed excitement. For non-geeks, it simply isn't dramatic enough. At least in Bronson's hands.

And hey, there is almost nothing resembling sex, or even geeky replication. That is truly unfortunate. The UK version of this book has a picture of a guy who is said to be Bronson, looking really cool and hunky. But I believe Bronson is a chip.

**THE FIRST \$20m IS**  
**ALWAYS THE**  
**HARDEST**  
by Po Bronson  
Secker & Warburg £9.99,  
297 pages



ARTS

# Loud, confident, derivative

Forget the hype, Oasis's new album 'Be Here Now' is just more of the same, writes Peter Aspiden

While not quite an anti-climax, Oasis's massively hyped third album, *Be Here Now*, finds the group disappointingly plumping for consolidation rather than innovation.

Mick has been made of the months spent in the studio devoted to honing Noel Gallagher's latest clutch of songs; but even for a group as wilfully derivative as this, it comes as a surprise to discover that these were largely spent reproducing the sounds of previous generations.

Often this week's Gallagher has a gift for fusing the bright-eyed ingenuities of 1960s pop with the more aggressive swagger of the 1970s, with telling results. So we can happily forgive the 11 best slash guitars, the Mick Ronson ticks,

the straight lift of chord changes from "All The Young Dudes".

But in "All Around The World", the intended centrepiece of *Be Here Now*, Gallagher has taken the tone of his plundering from witty homage to tedious, and unnecessary, replication. A plodding, anthemic piece, nine minutes plus of Sgt Pepper brass, Walrus strings, an uplifting chorus telling us "It's going to be OK", this is presumably Gallagher's "Key Jude" for the 1990s. But who needs it?

It will no doubt sound tremendous at the end of their

forthcoming concerts - "These are crazy days but they make me shine" sings Liam Gallagher with orgiastic narcissism, and you can tell he believes it - but it makes an unfortunately rapid conclusion to an otherwise pretty good album.

Oasis's strengths still lie in the hard-rocking, guitar-saturated numbers which Liam sings with his familiar uncompromising - and always tuneful - ferocity. The title track (more annoying name-checking: "Sing a song for

me, one from Let It Be") and "My Big Mouth" strut with all the confidence one has learned to expect from the notorious Gallagher brothers.

The current single, "D'You Know What I Mean?", opens the album with an assurance which most of today's bands can only dream about, and has that rarest of things: a hook you cannot get out of your head after one listen.

But elsewhere there are worrying signs of self-indulgence: virtually every track is too long, topped and tailed with blips of feedback, guitar doodles and even, on the

evocative Noel-sung "Magic Pie", a hint of a jazz coda. "D'You Know What I Mean?" even gives us the background noise of some jet fighters, just to get us into a suitably bellicose frame of mind.

The one track which finds the group stretching itself musically is "Fade In-Out", with a menacing acoustic blues motif, some atmospheric slide guitar and Liam's voice effectively pushed back in the mix. There is a hint here, of something darker, possibly based on the band's turbulent experiences of the last 18 months: there are passing references to

roller-coasters, better-skelters (yet more Beatles) and the devil's refugees. The life they have chosen to lead is demanding, if not exactly hard. But don't they just love it.

The greatest asset which Oasis have brought, or rather re-brought, to popular music, in an age of digitalised dance pop, is a dynamism, a warmth, that defies too rigorous an analysis. Forget about the Beatles (if only they would) - nobody seriously contends that Gallagher comes close to Paul McCartney's

melodic sophistication or John Lennon's scabrous sense of mischief.

Forget, too, about pushing any artistic boundaries. That is not what Oasis are about. The idea that groups should better themselves with each album is in itself a dangerous relic of the ponderous "progressive" era, which ultimately leads to Rick Wakeman piano solos. *Be Here Now* is just more of the same: breezy, loud, confident, full of itself, flawed but what-the-hell. It may be one of the most important albums of the decade, but then it is a pretty crummy decade. A landmark it is emphatically not. In any case, we will hear it incessantly over the next 18 months, so might as well join the fun.

*Be Here Now* is released by Creation Records on Thursday.

Only intermittently, and not for some time, has the Edinburgh Festival made any serious commitment to the visual arts. But the exhibitions on offer present one of the strongest of arguments for being in Edinburgh at Festival time.

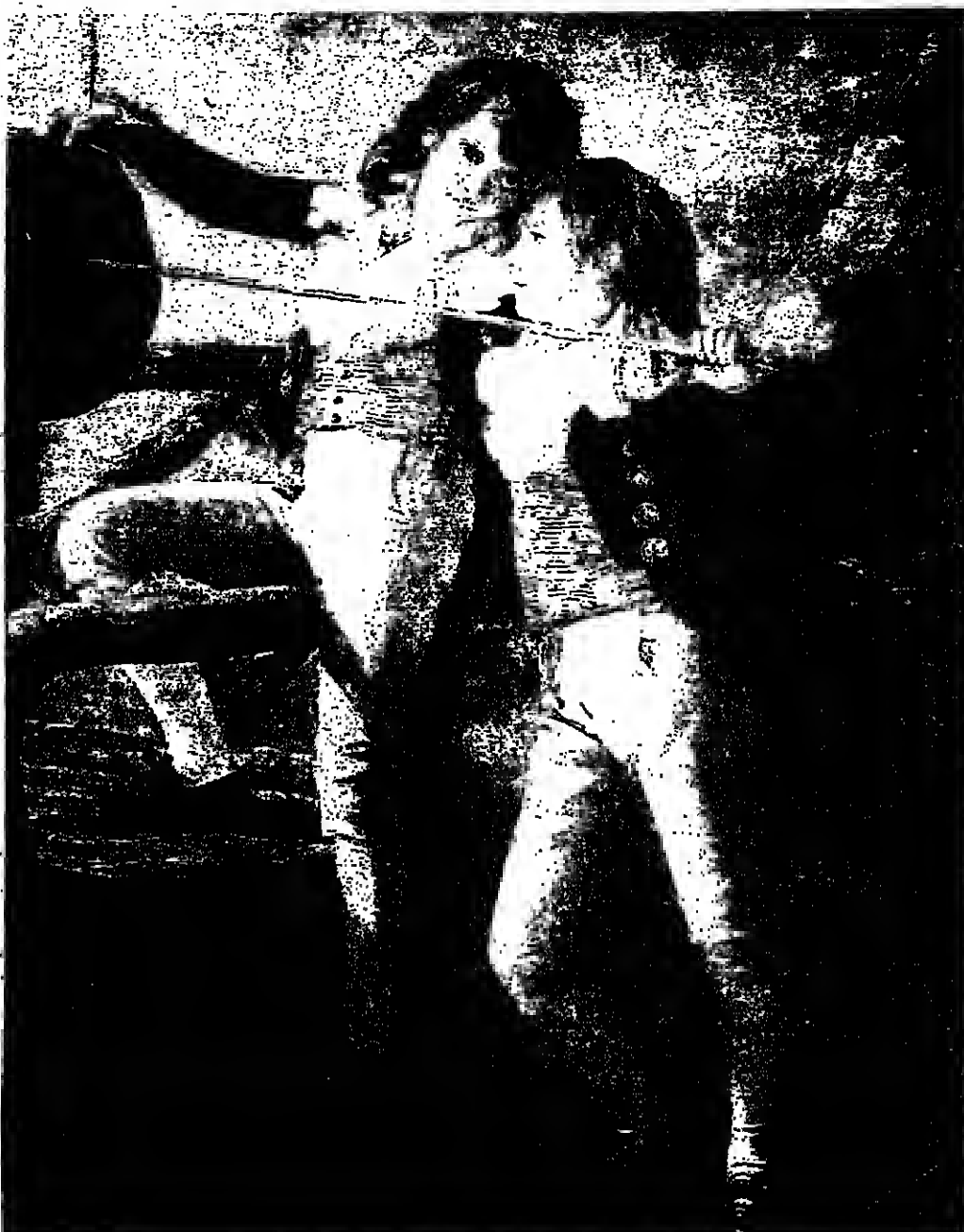
The Sir Henry Raeburn retrospective at the Royal Scottish Academy, the first such study of him in 40 years, should be lure enough for anyone, festival or no festival. For here is a great painter from the second great age of portrait painting in Britain, heir to Ramsay and Reynolds and, through the 1790s and the Regency, the only true rival to Thomas Lawrence. Yet outside Scotland he remains strangely unknown, with paintings scattered in collections around the world - a few in the Tate, none in London's National Gallery. The full works are a revelation.

He may himself have contributed to the mistaken sense of minor provincialism, with his *galère* of Scottish lairds and nobles and their ample ladies. Late in his career he tried his luck in London, but soon went home. It is easy to forget that his Scotland, with its High Romantic image, was also the enlightened Scotland of Hume, Adam, Scott.

In front of the work itself we see no mere provincial but a painter of fluency, confidence and mature independence, whose rapid development following his two-year stay in Rome in the early 1780s, when he was not yet 30, is amazing. Raeburn is, time and again, an astonishing painter, his sheer painterly nerve at what he attempts, amounting almost to cheek at what he can get away with. A long sweeping stroke of the loaded brush perfectly sets a red shawl over a white chemise; the blank scarlet front of a tunic is modulated only by eight gold-dabs for buttons above eight dark dabs of shadow; a lapel is described simply by drawing a clean brush, through still-wet colour. We are brought up short at what the painter is doing, and his delight in doing it.

The young and lovely Mrs Gregory (1798), sits with her hands laid lightly in her lap, a cool confection of whites and greys set off by the green bow beneath her breasts, her wavy brown curls, pink cheeks, the reddest of lips. Done in swift, rich paint, and with an ease that belies the sureness of technical command, it is an image that anticipates Sargent and Whistler by all but a century.

And but a step away, in a small exhibition at the National Gallery next door, is the very Sargent Mrs Gregory calls to mind, the young and glamorous Lady



'The Allen Brothers of Errol' c.1790, by Sir Henry Raeburn in the first retrospective of his work for 40 years; and 'Lady Agnew', 1882, by John Singer Sargent, a direct descendant of Raeburn's painterly style



## True masters of the brush stroke

William Packer on two exhibitions which should be lure enough for anyone to visit Edinburgh, festival or no festival

Agnew leaning back in her chair, her arm across her lap, just such another study in white and grey and cream, but for the light purple sash about her waist, and her coal-black hair.

This "Portrait of a Lady", of 1893, marks a critical moment in Sargent's career. Young and ambitious, he had sought to make his fortune by his spectacular portrait of Madame X (Mme Gautreau), which he showed at

the Paris Salon of 1884. But dramatic and frankly sensual as it was, with its expanse of bare white flesh set off by the black, low-cut dress, with its tight waist and exiguous straps, it excited more scandal than approbation.

For a while, he made do by finding subjects among his friends and artistic acquaintances - Ellen Terry as Lady Macbeth; the dancer, Carmelita; Fauré; Vernon Lee. The Agnew

commission seems to have come to him just so, through mutual friends, the Dunhams, and a portrait he painted of Helen Dunham in 1882 - another soulful young woman, her hands on her lap.

The portrait of Lady Agnew was the great hit of the Royal Academy of 1893, and Sargent's mature success followed hard upon it with a now constant stream of society commissions. The show tells the story con-

cisely and effectively, setting the context with splendid examples of the competition Sargent faced from such as Whistler, Millais, Herkomer, Carolus-Duran, Guthrie and a particularly lively Boldini, of Mme Roger-Jourdain, umbrella aklimo.

But it remains Sargent's show, with strong work both before and after Agnew - Mrs Thursby about to rise from her chair; an austere Duchess of Devonshire

looking, as her husband put it, "alright but rather stern." And at the heart of it sits the Lady herself, sphinx-like, quizzical, half-amused. But yet for all her interest and beauty, we do well to remember, as with Raeburn down the road, nothing is done but in the paint, and by a magical calligraphy that can conjure the most delicate scarf at a throat, or silk bow about a waist, out of no more than a flurry and

scape of few quick strokes.

■ Raeburn: Royal Scottish Academy, Prince's Street, Edinburgh, until October 5, then to London; sponsored by Elf Exploration UK with Elf Aquitaine. The Portrait of a Lady - Sargent and Lady Agnew: National Gallery of Scotland, The Mound, Edinburgh, until October 19; sponsored by Great North-Eastern Railway and Orient-Express Hotels.

August is the month when much of the arts world clears its desk and decamps to Edinburgh - or, with nobody looking, to new careers. The past week has seen a rash of resignations, by three big players in the game, which, in their turn, are expected, understandable, and mysterious.

The most expected is the decision of Piers Rodgers to quit the Royal Academy. The financial crisis which hit the RA last December, with the deficit topping £3m, was going to claim a victim. Rodgers, secretary for 15 years, was moved to development director, but it looked like an interim appointment.

His successor as secretary, David Gordon, will take on the scheme to develop, with lottery cash, the Museum of Mankind, the stylish Victorian building which backs on to the RA and which the British Museum is quitting in 1998. The RA's original idea was to make it a centre for architecture. Now all options are open. A request for money for the feasibility study should get an Arts Council response in the autumn.

Hardly surprising was the departure of Andrew Davis from his two British jobs - music director of Glyndebourne and chief conductor of the BBC Symphony Orchestra. He is not going suddenly. He continues to wield the baton until the end of the 2000 season at Glyndebourne and the finale of the Proms. In the same

Off the wall/Antony Thornicroft

## All change at the top

year. He is then off to take charge of Chicago Lyric Opera - his wife comes from the city and he is a frequent visitor.

Davis is a typical Glyndebourne success story, taking over in 1988 when he had a small reputation, leaving with a much greater one. He will be best remembered for championing Janáček, Strauss and Rossini, and for helping to make the new auditorium friendly. This season Glyndebourne will once again exceed its extraordinary box office target - it aimed for 95 per cent of capacity sold, and should hit 96 per cent.

At the BBC Davis built up the British repertoire and lent a note of bemused decorum to the last night of the Proms. He will continue as the orchestra's first ever conductor laureate.

The real shock is the decision of chief executive Patrick Denchar to quit the Royal Albert Hall next July. Denchar has made a great success of the hall, turning in annual profits in excess of £2m and obtaining lottery money to fund a £40m transformation of the Hall by the millennium. Perhaps his entrepreneurial ways were too much for some on his

conservative controlling council; perhaps he has the prospect of an even bigger job - such as running the Millennium Dome? Alongside all these departures there is one new appointment. Ian Rickson takes over next month from Stephen Daldry as artistic director of the Royal Court Theatre. Rickson has been an associate director at the Court since 1994 and was responsible for hits like *Mojo*. He will work alongside Daldry for a year and then lead the Court back into its lottery-refurbished theatre, which should reopen in the autumn of 1998.

Church-goers these days are disappointed if they do not get coffee and biscuits after the service. At All Saints, Hereford, parishioners expect a three-course meal, with wine, after prayers.

All Saints, a large medieval Grade I listed church in the centre of the city, was in great structural danger. It also had a small congregation. It was earmarked for mothballing when new priest Andrew Mottram arrived in 1991. On July 1 a restored and refashioned church opened for business as a restaurant, but with all

the religious services carefully respected.

It was John Yates of English Heritage who appreciated that All Saints was too important to lose. EH has put up £250,000 of the refurbishment costs, and the Heritage Lottery Fund lobbied in £240,000, with the parishioners finding the remainder. The restaurant gives the church a purpose and makes it an inner city meeting point. The food is under the care of Bill Sewell, who has made a success of "The Place Below" in the crypt of St Mary-le-Bow in the City. With turnover doubling the forecast, the venture seems set to repay back its bank loan in a year or so. And the congregation has increased.

With so many redundant banks converting into pubs, there is equal potential in turning inner-city churches, left stranded by a departing congregation, into cafes. It is not a new idea, but All Saints has taken it furthest.

There are 3,600 Grade I listed churches in the country, over a third of all the listed structures, and imaginative solutions will be needed for many of them. Fortunately, with the lottery, more money is available. In the two decades since 1977 £100m was spent on preserving deteriorating churches; now £20m a year is available from English Heritage and the Heritage Lottery Board, who are working together to preserve one incontestable manifestation of Englishness.

I have always found television soporific, and on a recent hot and stuffy night in a Treviso hotel room I flicked on the set at the end of my bed expecting to be snoozing happily within minutes despite the oppressive heat. Instead, I ended up gripped to the set watching late into the night.

Zapping from one channel to another to find the perfect sleeping pill, I landed on one of the Rai state channels which was airing the first part of an extraordinarily powerful documentary about the *Tangentopoli* or "Bribesville" scandals that rocked the Italian political and financial establishment in the early 1990s.

I was not in Italy when Milan magistrates launched their anti-corruption *Mani Pulite* or "Clean Hands" crusade that precipitated the fall of Bettino Craxi's coalition government, destroyed his Socialist party and swept under the carpet the old Christian Democrat order that had been in power for four decades. But watching the documentary made me feel I was there.

I could not help thinking of the French Revolution. Here, two centuries later, the popular hordes waited outside the courts to shout abuse to the rich and powerful and crooked as they walked out of police cars, handcuffed, sometimes accompanied by lawyers.

The camera took the viewer inside the now abandoned private Milan offices of Craxi, overlooking the

Television in Italy/Paul Betts

## Riveted by scandal

famous Duomo. A bedroom for long nights; a secret door at the back for a quick escape. The story of the suicide of Raul Gardini, the entrepreneur who built a financial and industrial empire and a Mount Everest of debts, unfolded. And throughout starred the modern Italian Robespierres, led by Antonio Di Pietro, the Milan magistrate who is now attempting a political comeback and who many believe sports presidential ambitions.

It was first-class television, and the timing, as everything in Italy, politically wonderful. Five years after *Tangentopoli* first erupted, the debate continues to rage between all those outraged by the heavy methods and power of the magistrates and all those frustrated by the slowness of the judicial process, the amount of ill-gotten gains still stuffed in foreign bank accounts and the number of suspects still walking around the streets and fashionable summer resorts as if nothing had happened.

The controversy is reaching a climax, and television has become the main channel for this latest colourful

Italian political battle. Two heavyweights are slugging it out. Di Pietro is being attacked by Silvio Berlusconi, the former right-wing prime minister and television media tycoon facing several different corruption charges. The former Milan magistrate is fighting back, issuing a multitude of libel writs against all those who have accused him of corruption (he is alleged to have been given cars, money and a flat in return for legal favours) and staging a political campaign to cash in on his grass-roots popularity.

The Di Pietro/Berlusconi contest makes far better television than all the light summer entertainment on the networks. Both have a way with words and their exchanges of insults are picturesque to say the least. They both have the *physique du rôle* in their own ways. Berlusconi with his permanent smile, his smooth well-shaved cheeks, his double-breasted suits; Di Pietro, rougher with his designer stubble, often in casual dress, and his penchant for slang.

The great summer conflict has also touched on the surreal. Italy has always enjoyed a good miracle -

religious statues have a regular habit of bleeding in every corner of the country - but it could hardly have been prepared for a Berlusconi miracle.

In the same week that the former prime minister's corporate offices were being raided by the Italian fiscal police, news filtered out that a 16-year-old boy who had been in a coma since February following a motorbike accident woke up to the voice of Berlusconi.

The boy was a great fan of the AC Milan football club, owned by Berlusconi. His parents had asked him to send the boy a tape made with AC Milan's soccer stars. And it seemed to have worked. The boy came out of coma when he heard Berlusconi's dulcet tones: "Andrea, you are hearing my voice. Do you know who I am? I am Silvio Berlusconi, the president of Milan. I'm here with Franco Baresi, Paolo Maldini and all the rest of the team and we want to give you a hand, to help you talk, to communicate with us all..."

The story made Emilio Fede's day. Fede is one of the best known Italian TV newscasters, well-groomed, insufferably opinionated, and so rules over Berlusconi's fourth channel evening news that he has been nicknamed "Fido" because of his canine devotion to his master.

"Finally," he said announcing the Berlusconi miracle, "among so many tragic stories, here is a happy one." Everybody is now waiting for the Di Pietro miracle.

off the block



## ARTS

# It's circus time in Salzburg

Andrew Clark reviews three Mozart opera productions at the festival

**P**apageno is a clown: well, we knew that already. But in Achim Freyer's new production of *Die Zauberflöte* at the Salzburg festival, everyone has gone to the circus. Tamino is the princely Harlequin, Pamina a pig-tailed Colombine. The Queen of the Night masquerades as a trapeze artiste. And the circus-master? Why, none other than Sarastro.

*Die Zauberflöte* is one of five Mozart stagings at Salzburg this summer. The *Deutsche Oper* is nowhere to be seen, but there are three *seria* operas, including the rarely-staged *Mitridate* and *Lucio Silla*. Nothing attracts a Salzburg audience like Mozart, and *Die Zauberflöte* is the biggest draw of all.

Freyer, a painter who has been part of the German opera scene for more than 20 years, serves up a fairy-tale for adults. Those who like to admire the columned architecture of the Felsenreitschule will not approve of his cloaking the action in a darkened circus-ring. But his painted motifs and animals – somewhere between Chagall and Dali – entrance the eye, and there are some good visual tricks, such as the Queen of the Night's magic silks and a portable mirror which allows us, and Tamino, to see Pamina for real. The emphasis is on poetic naivety, on charm and illusion.

Within these limited terms of reference, this production succeeds. But if you're looking for expressive depth, or the shafts of humanism that lie at the opera's heart, you will be disappointed. Freyer ignores the sinister undertones and masonic associations, and there is surprisingly little humour. As to the priests, it's anyone's guess what they are doing dressed as surreal circus creatures.

Christoph von Dohnányi and the Vienna Philharmonic have a subdued night in the pit, and the singing is adequate rather than inspired – a trait common to all Mozart productions. It seems, in Gérard Mortier's Salzburg. Matthias Goerne's Papageno is a sketch which could, with more experience, develop into a full portrait. Michael Schöbe's Tamino makes little impression. While Sylvia McNair's Pamina is correct to a fault, as Queen of the Night, Natalie Dessay steals the show with her spirited and personable coloratura.

**I**'m not much more enthusiastic about *Die Entführung aus dem Serail*, this summer's other new Mozart staging. As entertainment it scrapes by, and the music is well served by Marc Minkowski, who secures light, breezy responses from the Mozarteum Orchestra. The Residenzplatz, an acoustically vibrant courtyard with a canopy sealing it from the elements, provides an exotic setting as long as you don't mind hard plastic seats.

But does *Entführung* work as a present-day hostage drama? François Abou Salem, a Palestinian theatre director with no previous experience of opera, can't quite get the plot to match his thesis – that Arab values are misunderstood.

In Salem's scenario, the Pasha is a wealthy European-educator Moslem whose palace is in spitting distance of the Middle Eastern divide. His side of the barbed-wire fence is patrolled by gun-toting Arab youths, the other side by UN troops. Palestine? Beirut? This production never explains why this apparently civilised man, surrounded by glamorous, happy wives, should be holding a group of western hostages. Is he driven by religion, politics or love of Constance?

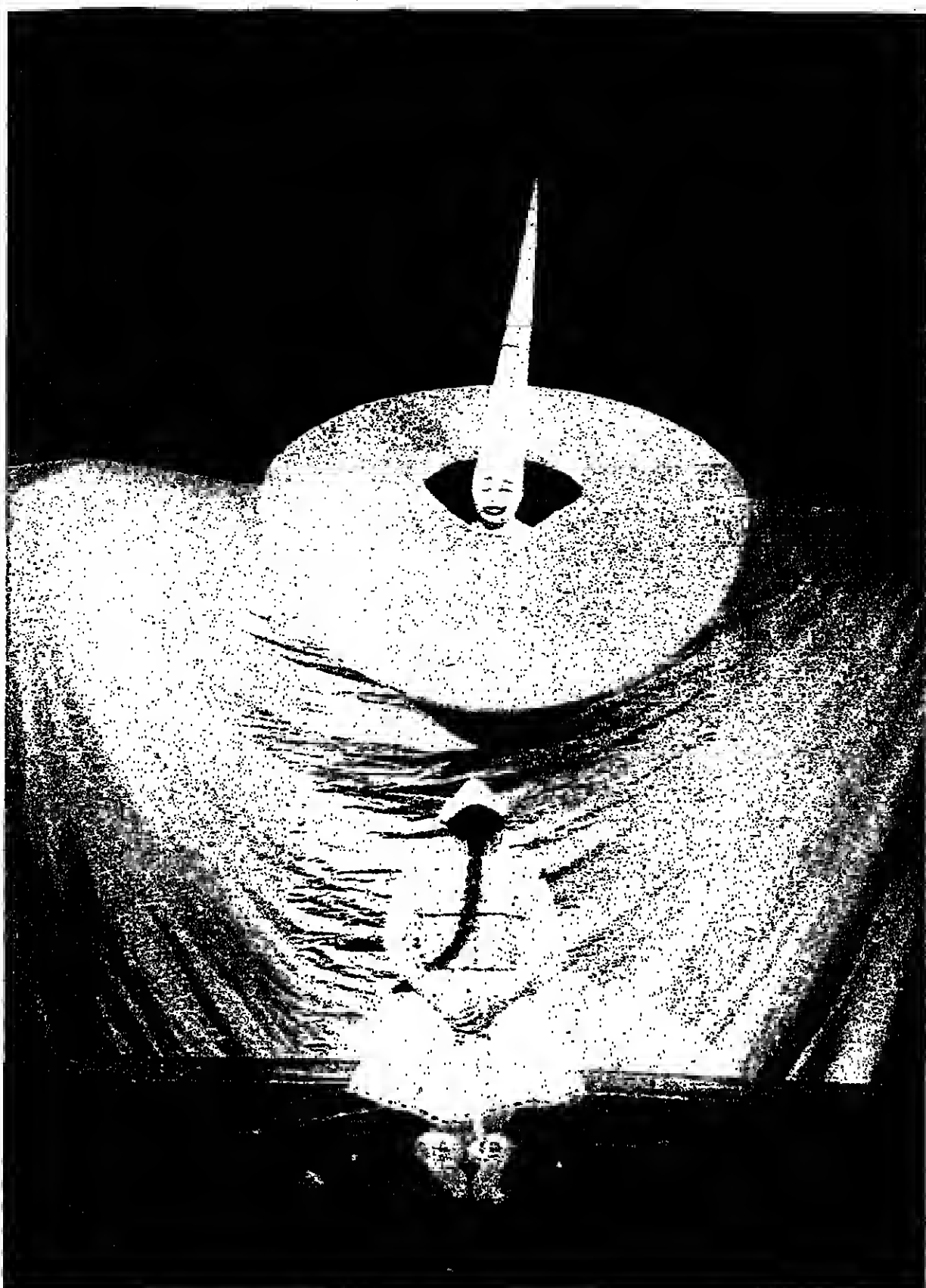
The result is a right old muddle. Salem undermines his case by interpolating Mozart's music with Arabic flute solos and readings from what I assumed to be the Koran. How were we to know? Worst of all, the actor engaged to play the Pasha, Akram Tillawi, had insufficient command of German to make his speeches resonate. The rest of the cast played their parts to the hilt. As Constanze, the lovely Christine Schäfer (Glyndebourne's Lulu) had the poise of a Greek *tragédienne*. "Martern

aller Arten" showed that her experiences with Berg have not damaged her command of Mozart. Franz Hawlata's Osmin was a *tour de force* – hot-tempered, brutish, easily led-on – and his waterlogged wooing of Malin Hattelus's sprightly Blonde, cavorting around the Pasha's swimming-pool, had a real sexual frisson.

Like *Entführung*, *Lucio Silla* ends with the volte-face of a man who has been using his power to demand sexual favours. Unlike *Entführung*, the plot is merely the peg for a string of display arias. Written for the 1773 Milan

carnival, *Lucio Silla* is not an opera for the faint-hearted. At Salzburg's Kleines Festspielhaus the first half lasts two hours, and the fact that it holds the attention says something about the eye-catching focus of Peter Musbach's staging, first seen at the 1993 festival. When Chéreau tackled this opera, he made it look severe and monotonous; Ponnelle turned it into a parable of enlightened humanity. Musbach and his designer, Robert Longo, give it a stylised modern setting, brilliantly lit by Max Keller, and the

hothouse emotions of Mozart's classical archetypes come across more powerfully than ever. What counts in *Lucio Silla*, however, is the staging: you really need a cast who can make light of the vocal ornaments. Salzburg's resources didn't stretch far enough – which begs the question: why put on the opera if you can't cast it properly? Even Susan Graham's Cecilio was sounding subdued. But Sylvia Cambreling and the Camerata Academica left us in no doubt about the teenage Mozart's energy and drive.



Emphasis on poetic charm, naivety and illusion: Sylvia McNair as Pamina in Achim Freyer's new production of 'Die Zauberflöte'

## Radio/Martin Hoyle A passage through India

**I**n *Mediumwave*, the man from The Independent cried "the media is on the brink of a revolution" – adding later that this applied to all sorts of mediums. It was the week when a cub reporter spoke of alleged drug-dealing in "Ay-Vonn," her range of cultural reference taking in TV commercials for American cosmetics though not English counties or Shakespeare's river (or presumably Shakespeare, given Radio 4's imminent hour's time-limit for drama). But then even Channel 4's recent panjandrum of the arts, Waldemar Januszczak has yet to learn that Wegner never wrote an opera called "Tannhowsen".

A truce to this nit-picking. Last week saw a flood of programmes – fact, fiction, reportage, a typically excellent *On This Day* whose scheduled disappearance is one of the maddest of Jimmy "Slasher" Boyle's cuts – on the Indian sub-continent, marking the half-century of post-Raj independence. Admittedly nothing was as absorbing as Krishnan Gurusamy's report for TV's *Newsnight* on Indian princely families, with its unforgettable image of the wild-haired, staring-eyed Princess of Oude in her ruined folly, a lethal cocktail of crushed diamonds ready for her planned emulsion of her mother's suicide, her whols being blazing with hatred for both the British and modern India.

Back on radio we had *Midnight's Legacy* and Mark Tully's *The Shadow of the Banyan*. The poor, possessed princess could be excused for thinking it all a plot when we heard how Nehru (Harrow and Cambridge) was "a perfect gentleman".

British in his outlook on many things including bacon and eggs and afternoon tea and biscuits. What explains the old love affair between the British and India? To begin with, at a very basic level, India took our language and imbued it with its own grace and cogency: Gandhi's grandson, a distinguished philosopher, a quick, eager and generous speaker, makes most of our media academics sound shallow, cumbersome and self-advertising (cf *The Moral Maze*). *The Shadow of the Banyan* was as crammed with facts as the sub-continent is with people: less than five per cent of the population actually speaks English though this remains the national linguistic link.

the equivalent of the population of France speaks Tamil; the best translations of Indian classics hail from academe in Chicago and London; the oldest bookshop in India is Heggibotham's.

More, much more, next week: the sub-continent has unfairly swamped *Roxburgh's Russia*, Angus Roxburgh's absorbing revaluation of a country far stranger to us even than India. Time to catch up, too, with *Time and Motion Man*. Frederick Winslow Taylor developed "scientific management" in the American steel industry as long ago as the 1870s. Like many theorists in the field, he tended to overlook the man in management. His scientifically tested conclusions included the optimum weight for a shovel – 21 pounds – to obtain the right number of piles. Never mind the effect on the pile, said a congressional committee in 1911, "what of the effect on the man?" Mark Rickards' production had no narrator; at its heart was the 1911 interrogation enacted by Colin Stinton and Shane Rimmer, set in a kaleidoscope of vox pops and archive recording – Thatcher and Scargill, Stafford Cripps, an old gravedigger bitterly resenting time and motion observers, clips of *I'm Alright, Jack* and (could it be?) the young John Humphrys reporting industrial unrest – and, emerging ever more clearly, the dichotomy between dehumanised efficiency and the later counter-culture, with "small is beautiful" a whisper away.

**T**aylor apparently hoped that the working men's increased output would improve his wealth; but there was something Darwinian in his theory of the survival of the fittest: the strongest, the most mechanical, the least intelligent (no talking back, and the inevitable result that "the shall be so stupid that he must 'heavily' resemble an ox"). His comparisons were with horses, trotting and hauling. "We are not dealing with horses or singing birds but with men," came the sharp congressional rebuff. Given our suspicion of Americanisation, of corporate jargon and steam-rolling internationalism, it was good to be reminded of the humane and simple principles on which the best of the American ethos is founded. A fascinating programme.

**T**hirteen Fringe shows in three days. Only two have been ghastly, and at least seven have been at least good. They have included the Holocaust, mother-son incest, child abuse, rape, sex in the back of a taxi, mindless violence, and elderly New York Jews rehearsing *Hamlet* – some of them in the same play.

In *Disco Pigs* (Traverse Two, 9.45pm), the two performers, Cillian Murphy and Eileen Walsh, are astonishingly good: you come to love them even as they most appal you. The play, by Enda Walsh, shows an inseparable Irish boy and girl, both teenage, both disco-crazy, both thuggish. She calls him Pig, he calls her Runt, and we soon know why. They hog themselves with food, they are, not least on the dance floor, the martinetate quintessence of the "Me" generation, and they compare themselves with Bonnie and Clyde.

When active, they are radiant with energy. What is extraordinary is that they soon also appear vulnerable, innocent, artless, poignant. *Disco Pigs* (presented by Cordadora Theatre Company) is about kids who cannot fully express themselves in words, but who need to. In the course of the play, they discover beauty, emotion, desire, jealousy, and they are insufficiently equipped to cope.

Enda Walsh's writing catches not only the kids' thick County Cork accents – often impenetrable to this English ear, and that's half

## The Edinburgh Fringe/Alastair Macaulay All smiles 'n' tears



Inarticulate quintessence of the 'Me' generation: Eileen Walsh and Cillian Murphy, touching in 'Disco Pigs'

the point – but also their particular half-baby argot. (Pig, comparing himself to *Baywatch*: "Easy-peasy take yah on, ye Californy habes.") At times, the language comes strangely close to Afro-Caribbean patois.) When one says "You're my best pal in de whole world" and the other replies "You're my life", the tenderness is shocking – it shocks them – and yet it is they who soon shatter their own idyll.

In Pat Kiernan's direction, the two performers' body-language is often yet more memorable than their words. You are mesmerised by how they bask and shimmer on the dance floor (by their joy, not by their dance excellence); by the transfixed

stillness with which they try to address beauty and tenderness: by the vibrating hands of Pig as he bounces up and down in frustration; by Runt's raw pain as she comes off worse in a fight; by the insistent disco rhythm of Pig as he smashes a rival up. And by their coarse, shining faces, fairly piggish, and very babyish.

**A**mma Weiss (Traverse One, various times) is a riveting, even occasionally funny, play about – that currently hot potato – memory of child abuse allegedly recovered under hypnosis. The author is Mike Cullen: it is a Traverse production. Anna Weisa is the hypnotist in

question: Lynne is the girl who remembers her father's abuse; the third character is Lynne's father, who has no memory of having abused Lynne and whose life and work have been ruined by these allegations.

Cullen paces it excellently. Was Lynne actually abused? Whose memory should we trust? How dangerous is Anna's anti-male agenda? For most of the play we do not know the answers: which works powerfully. The triangular struggle, though it is modern and Scottish and unsophisticated, is reminiscent of Henry James.

The melodramatic climax, when we do discover the answers, feels briefly like an anti-climax. But the post-

lude, which is not the ending we expected at all, is superb: and chilling. All three performers – Iona Carstairs as Lynne, John Stahl as David, Anne Marie Timoney as Anna – do very well. All three shed tears, and look bedraggled at curtain-calls; it is that kind of play.

*Knives in Hens* (Traverse One) has been altered by its author David Harrower in several details since it was new in 1995: but its core essence is the same. It is still a poetic play – presumably set in medieval times, but this is left unspecified – about a young married woman's process of self-liberation. Simply, she strives to wrest language to her own use and not merely that of her husband and her upbringing; she learns that her husband's and the village's prejudices are not all correct; she learns to distinguish hatred from fear, and to find a connection between fear and love.

It, too, is a triangular play – its three characters are the nameless heroine, Pony William her husband, and Gilbert Horn the miller – and among its accomplishments is the fact that the narrative climax (the manner of her husband's death) is not made the dramatic climax. The Scottish cast is first-rate, and Pauline Knowles as the heroine is haunting both in her utterance and in her stillness. Watching it a second time, I found it more suspenseful, and every hit as touching.

**The hybrid attraction**

**F**orkbeard Fantasy will arrive on the Edinburgh Fringe next week with *The Full Of The House Of Usherettes* only to find their thunder already stolen by a Catalan company in the International Festival. In its current show, *Blind By Love* (Capada De Amor), Barcelona's La Cubana company venture into the Forkbeards' special territory, that of blending live action more or less seamlessly with film. Three-D glasses are provided, but it soon becomes clear that the special effects go far beyond such toys.

Members of the company usher the audience through a vestibule exhibition of Catalan culture to their seats in the Conference Centre auditorium; a curtain-raising duet, as kitschy as every number in the show, is sung; the film rolls. A bright, jolly (and inevitably musical) party scene is interrupted when the ageing child star storms off the set: the cameras then dwell on behind-the-scenes crises.

During these 20 minutes or so, shorts occasionally emerge from performers planted in the audience: a punter outraged that the film is in Catalan rather than Castilian, another who apparently keeps getting the characters on the screen stop their argument and peer down into the auditorium, demanding to know what is going on.

At this point the show becomes a live-action cousin of Woody Allen's *The Purple Rose Of Cairo*: characters quite literally burst through the screen onto the stage.

## The hybrid attraction

The timing and integration of these moments is astounding: figures onstage and in the auditorium argue (in English) with their surtitled fellows on the screen. The traffic becomes two-way, as the belest woman from the audience takes refuge in the film and a psychiatrist is invited from the stage onto the screen to try to persuade the tearful Estrellita to return to the film set. By the end, even a couple of dozen audience extras have been subsumed onto celluloid: at an earlier point, the film appears to melt, suddenly spawning characters onto the stage.

**W**hat may at first seem simply clever, playful gimmickry gradually seduces the audience until, at the end, we even applaud the movie's production crew as they take their bows on film only (and yes, everyone stayed for the final credits). The entire design, both two- and three-dimensional, is comically earthy: Joan Vives' songs are laughably jolly, and film director Fernando Colomo brings the same wry tone to his footage as was evident in his recent British release *El Efecto Mariposa* (The Butterfly Effect). One hopes heartily that the cineastes currently around the corner at the Film Festival can be enticed along to luxuriate in this bizarre hybrid.

Ian Shuttleworth

Edinburgh International Conference Centre until August 23; Edinburgh International Festival box office 0131 473 2000.

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هكذا من الأفضل



# How to Spend It

Fashion

## Me and Tom Cruise at the tailor

Charles Leadbeater finds getting married a fine excuse to venture into Savile Row for his first bespoke suit

In all honesty, it's difficult to escape the conclusion that Jim Levett was slumming it a bit when he made my suit.

The sense of being out of my league started to come over me when I was in the changing cubicle for the first fitting for my wedding outfit.

Levett, one of the finest tailors on Savile Row it turned out, was discussing with a colleague how smart Tom Cruise had looked at the Oscar ceremony, in one of Levett's recent creations. Cruise's wife Nicole Kidman was due in shortly afterwards for a fitting for a trouser suit. Noel and Liam Gallagher of Oasis and their brides had Levett to thank for their outfits.

The fact that he seemed to treat me (freelance writer getting married at a community centre in the East End of London) in the same way as he would have treated them, is testimony to the standards of service still available on Savile Row.

It is not true, as friends of mine have alleged only half tongue in cheek, that the main reason I wanted to get married was to give myself an excuse to buy a new outfit. But they had a point.

Our wedding was not going to be a morning suit affair, with men hiding a lack of taste behind a uniform suit of black, white and grey. I knew that I did not want any old lounge suit. I wanted to have something made for the day, of a kind that I would never get made or necessarily wear again. Why should women have all the fun with clothes?

But these were high stakes. My mother-in-law-to-be warned me, with a glint of steel in her eye, that she would never talk to me again if I either upstaged her daughter or, more likely she feared, brought disgrace upon the family.

Savile Row had always fascinated me. I had wondered, rather sceptically, whether getting a suit made there would be as special an experience as its devotees claim.

Picking out Richard James, arguably London's trendiest tailor, was not hard. Although he is best known for tailoring the likes of Oasis, his suits are a reworking of a very English, slightly conservative, style: slightly flared, sometimes with a velvet

collar, his jackets are often mistaken for something one would go hunting in if one did not live in Hackney.

His bespoke tailoring is done by Jim Levett, who works nearby and has been on Savile Row for 36 years.

One of the most striking things about getting a suit made on Savile Row is that in a world where everything else is speeding up, traditional tailoring keeps a slower pace. In most walks of life, doing things faster is a sign of progress and intelligence. In Savile Row, it's the other way round.

My first fitting was three months before the big day. To be on the safe side you need to leave at least six weeks to get a suit made properly. Getting it to fit perfectly takes fitting and refitting: it cannot be rushed.

To savour the experience to the

Doing things faster is a sign of progress – not in Savile Row

full, give yourself enough time to relax into it, because initially it is rather disconcerting. It is impossible not to feel pampered by all the skilled attention lavished on making one's unprepossessing body look more handsome and striking.

Women may be used to this kind of attention by dint of years of training. But many men will find it unsettling to stand around in the middle of a shop in full public view looking like a mannequin, discussing the finer points of hips, buttocks and thighs.

My feeling of unease did not last long. The first fitting was conducted by Levett and a Richard James sales assistant, Toby Lamb, fresh out of design college.

These people are trained to make you feel calm, to feel you can trust their judgment and good sense. Levett looks as if he would be at home at the local golf club, Lamb as though he has escaped from the film *Train-spotting*.

They listened, nodded and occasionally advised without the

slightest frown or grimace as I explained what I wanted: a navy blue frock coat made from lightweight English worsted, with narrow trousers, an orange lining and matching orange stitching around the button holes.

With Lamb's help I picked out a material from racks of samples. You could have virtually anything made of any material on Savile Row.

After a few discreet inquiries about my weight and waistline, Levett rapidly sized me up and turned my frame into a series of incomprehensible numbers. He went off and turned these numbers into a pattern and ordered the materials: the orange button-hole twist was particularly difficult to find, which pleased me no end.

The pattern was then used by specialist trouser and jacket makers to run up the first, rough shape, which I went back to try on about four weeks later. At that stage, the suit was held together by large stitches of white thread. It was nothing more than an outline of the final garment but it already felt lighter and more comfortable to wear than the most expensive off-the-peg suits I had bought.

After another discussion, we agreed on some minor changes. It took a further fitting before I was satisfied and another one after that before Levett was happy. By the end, he was more concerned that the suit should look perfect than I was.

The Savile Row experience is not cheap. My suit was a little more than £1,400. A Richard James made-to-measure lounge suit would cost about £350.

But I have to say it was worth every penny. In the modern age of cook-chilled foods and channel-hopping television, it is remarkable to have that kind of skill and attention lavished upon you, even if it's just once in a lifetime. Except, in my case, it probably will not be. After having a piece of clothing made for your frame, it's difficult to resist the temptation to do it again, particularly if you are weak-willed.

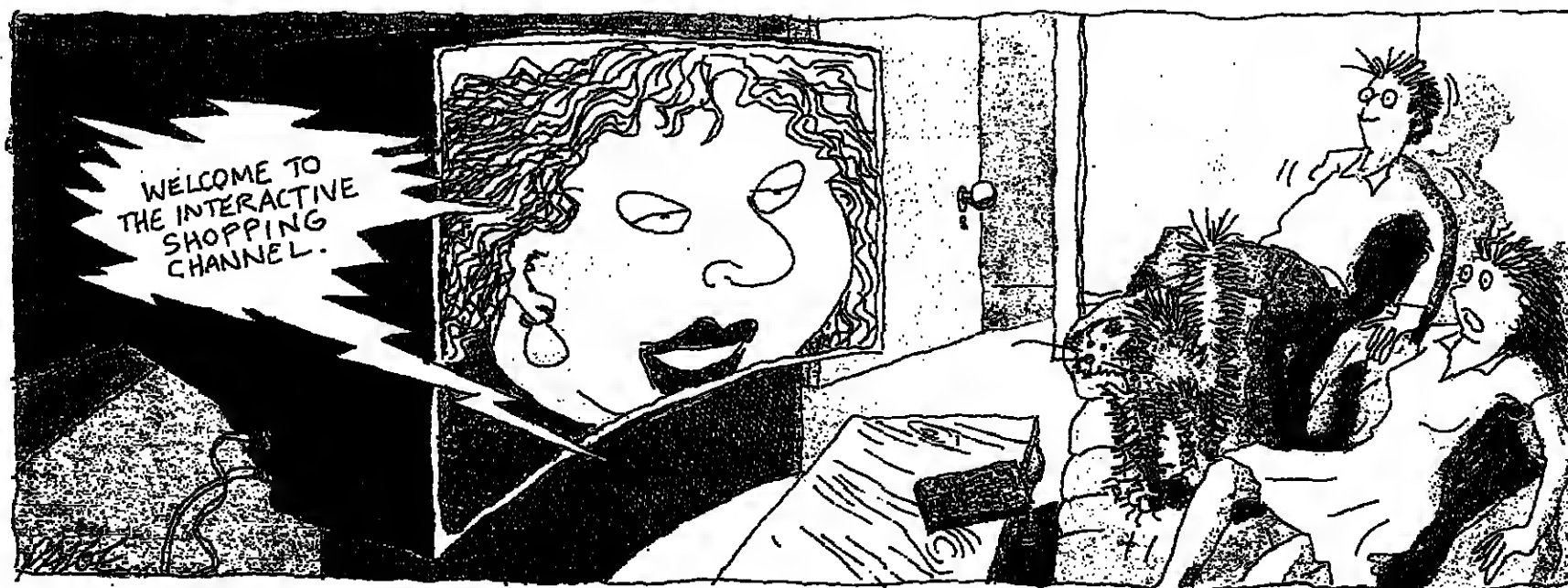
And as Levett explained: "Once we have your pattern we keep it on file, ready to use again. So you can just call us and ask us to make you up a suit in a particular fabric." Savile Row, the original mail order clothes business.



Charles Leadbeater: 'My mother-in-law-to-be warned me that she would never talk to me again if I upstaged her daughter'

## An overpowering presence

While the vogue is for all things smaller, televisions are getting bigger, reports Peter Knight



sets, one with a 50ins screen (£4,999) and another with a 37ins screen (£2,799). These sets, while still bulky, are considerably flatter than conventional home cinema sets. The flat screen gives a good picture and it is wonderful for sport, but it does distort, leaving svelte presenters looking plump.

### Problems

The biggest problem with big sets is their large presence. Their size and colour (invariably black) can overpower a room. Conventional sets also protrude a long way at the back, making it difficult to find a suitable place for them.

"You can never make these sets attractive," says Carla Brandt of CB Design in the Netherlands, an interior designer working mainly in continental Europe.

She thinks they are best hidden. Her suggestion is to make a low table from inexpensive wood and design it to accommodate the set inside the structure, just below the table top.

"It can be made of the cheapest chipboard. Then you cover the table with a beautiful, long table cloth. This does not have to be expensive, either, because you can buy it from a market. When you want to watch television, you simply lift the cloth and fold it on top of the table."

Other designers have tried various solutions, all complicated and expensive. Some build a false wall and place the television set in it, with the back occupying the cavity. This gives the appearance of a hanging screen and Brandt suggests covering the screen with a painting on hinges.

Flat screens will save a lot of trouble, although the popularity of the current generation of large sets shows that people are happy to put up with a plastic giant in the room for the benefits of big pictures and dynamic sound.

Some even find it improves their reading.

### Trends

The newest television sets dispense with the conventional tube (which makes the set cases very deep) and use flat screens based on liquid crystal display technology. This is similar to the technology used for laptop computer screens.

Such big LCD screens are still very expensive, but eventually, say in five to 10 years, they will get cheaper and we will be able to hang our television sets on the wall.

Philips already offers such a set but it is not generally available and costs £20,000 (available in the UK soon, but no price is known as yet). Sony is selling two flat-screen

Big television sets encourage reading. This was what Dick Robson, a public affairs specialist at ICI, discovered when he sat down to watch a video of *Alien*. It was his new Dolby Surround Sound Pro-Logic wide-screen TV.

"The family was out and I thought I'd settle down to a quiet evening. But the picture was so good and the sound so realistic that it terrified me. I switched it off and went to bed with a book instead," he says.

Cars, mobile telephones and computers might be getting smaller, but television sets are growing fast. Some are gargantuan. Sony's latest has a screen size of 50ins – the presenter's nose can be a bit frightening in close-up – especially daunting if you're in a small room. But it's a wonderful set for sport.

If you have spent most of your life squinting at a 14ins box with a speaker the size of a 50p piece, these big sets can be a revelation, particularly if you watch a lot of sport and films. But they do pose problems, too, not least the way their size and weighty blackness dominate a room even when switched off.

### What is new

After years of little change, both television broadcasting and the sets are being transformed. The most far-reaching change is digital television. This enables broadcasters to create hundreds of new channels and improve the quality of the picture and sound.

UK broadcasters are expected to launch up to 200 new channels soon and special decoding equipment will be needed to receive the signals. This will be a box, similar in looks to a satellite decoder, that will sit on top of the set or nearby. Future sets will have the necessary electronics built in, although this might take some time.

If you are about to buy a new set and want to receive digital programmes, make sure it is

equipped with a Scart socket – a long multi-pin socket at the back that will take a feed from a set-top decoder.

The initial benefit of digital transmission for viewers will be more specialist channels (cooking, home improvements, shopping and so on) and more pay-per-view television, where a subscriber pays a fee to see a particular sports event or movie. Sky already offers this service on big boxing events.

Digital television will offer greater choice in films and more convenient viewing times. Broadcasters will have sufficient channels to screen a number of movies at the same time. The system, known as "near video on demand", is similar to that found

in hotels which offer a choice of films at particular times.

"Home cinema" television sets attempt to create a movie-like experience in the home and have been available for about three years. They differ from ordinary sets in the size of the screen, which is usually 62cms wide and rectangular, and, more important, in the quality of sound.

The Dolby Surround Sound Pro Logic system – don't ask how they thought that one up – has five speakers. Four are independent of the set and you place them in various parts of the room to get the "surround" sound.

The film or programme has to be recorded and broadcast in that Dolby system, and an increasing number are. Video players – if

you are using a pre-recorded video tape – must have the necessary electronics to decipher the coding on the tape. The electronics inside the television set separates different sounds and distributes them to various speakers.

This means that if, say, a gun is fired on the right-hand side of the screen, the sound will come from your right. If a car speeds across the screen, the sound will start on one side and move to the other.

Films have to be transmitted in the right format to appear on the sets in the right shape and with optimum resolution. Home cinema sets cost from £800 upwards, depending on screen size and the complexity of the electronics.

Some have the speakers built in, which saves the hassle of laying wires around the room, but be prepared to compromise on sound quality with this option.

Manufacturers are increasingly offering variations on a theme. Some sets, for example, can be switched between a square and rectangular screen. A few offer screens with higher resolution and less flicker than others, and so on.

Many of these offerings are described by nonsensical brand names, which can make the choice even more confusing. You generally pay more for each feature, so ask for explanations until you thoroughly understand what's on offer.



## MOTORING

John Stuttard works for the City accountancy firm of Coopers & Lybrand and drives a pink Rolls-Royce. That is the kind of bald statement likely to demote even Porsche drivers to second place in the hooligans' top 10 I-wanna-scratch-your-car rankings.

To do it, however, they would have to travel to Beijing. They would then have to be heartless enough to mar not a sybaritic Silver Spirit but a charismatic piece of automotive engineering now 63 years old - a 20/25 Barker Sports Saloon. By then, in any case, vandalism would be forgotten in favour of puzzlement.

Why on earth that huge bull bar fortifying the front? Why the Pompidou Centre of a roof rack with wheels and other assorted hardware attached? Why is that CD player lurking inconspicuously near the stately old dash? And why pink? Not any old pink but a hue which, splashed around in the volumes needed for the mighty old Roller - beg pardon, Royce, as the aficionados will have it - might reasonably be described as dietary pink (stand close, take long look, lose ability to eat for a week).

The answer is that John Stuttard, who is the Beijing-based chairman of Coopers & Lybrand China, is going to Paris. The hard way. Overland. Through such inconveniences of terrain as Tibet and Nepal on a route covering around 16,000 miles (17,000km) and expected to take 43 days to traverse.

Stuttard and his four fellow crew members are competing in the 1997 Beijing to Paris Motor Challenge, being staged on the 90th anniversary of the original marathon between the two capitals nearly half a world apart and which has passed into legend as one of motoring's truly great sagas.

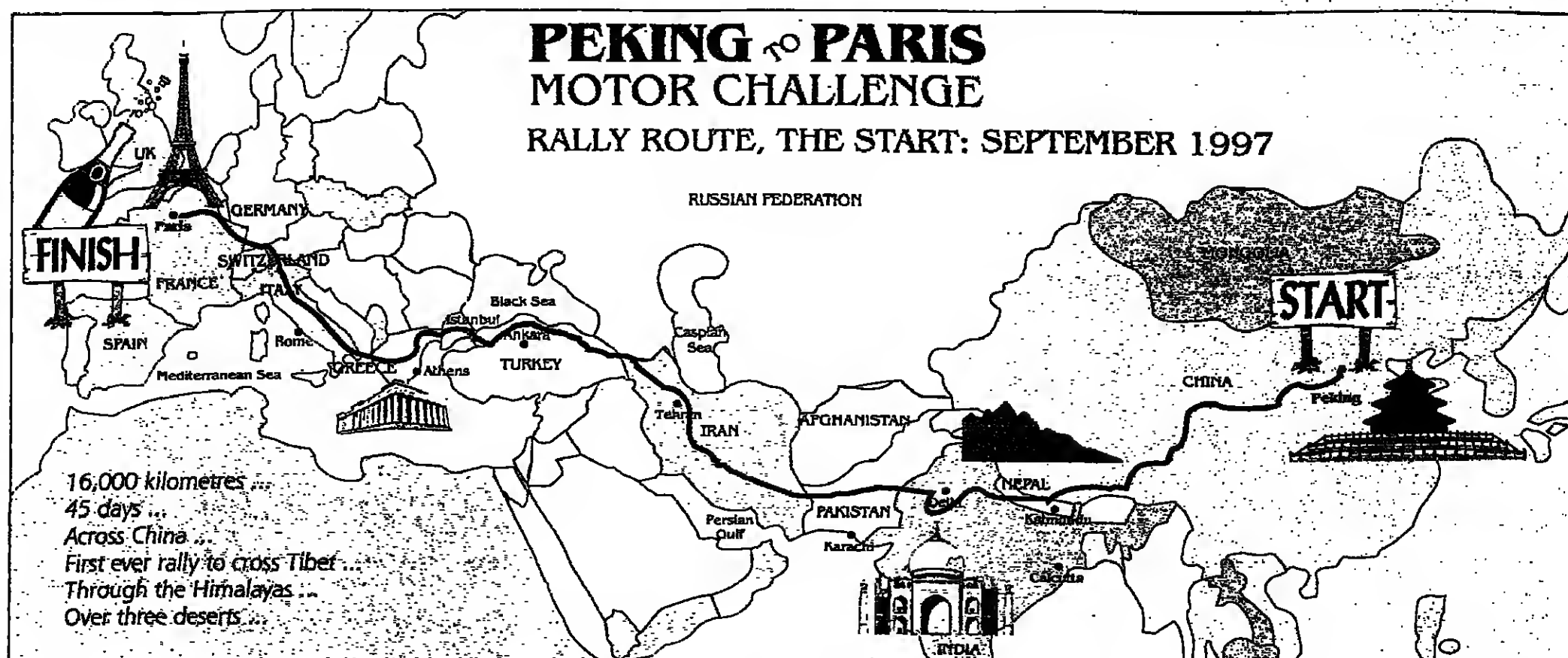
The pink - blame the FT - car, affectionately known as "Harrison", carries the newspaper's sponsorship, among several other supporters (including Standard Chartered and Jardine Fleming), for reasons not hard to ascertain. We have men of the City, engaged in real-life physical, not merely financial, derring-do. We have globalisation - well, half of it - in an altogether more entertaining context than a strategy statement from the boardroom. There will be good deeds for charity. Better yet, says Stuttard, Harrison doesn't have to deliver any papers.

The challenge, which begins in Beijing on September 6 and is due to end, for the survivors, at the Place de la Concorde in Paris on October 18, is daunting. The risks to life and limb are more serious than deflecting the "Lady Penelope" jests inevitably aimed at Stuttard in token of the puce Rolls-Royce in the Thunderbirds children's TV series.

To share the risks, Harrison will be carrying two more of Coopers & Lybrand's old China hands, Simon Anderson and Gordon Barrass (both now based in the UK), friend and enthusiast David Colvin, UK ambassador to Belgium, and engineer Roy O'Sullivan, who has prepared the Rolls for the odyssey.

Stuttard knows well, however, what he and his companions are in for. He has undertaken several long-distance rallies in the car, including two Monte Carlo classics, since acquiring the 20/25 at auction in 1989.

Preparation, he rightly points out, is all. That of the 20/25 has taken many months and has some unexpected facets. The complex burglar alarm that has been installed, for example, is to confound the dastardly not just because of the cost and inconvenience of losing the car. The carnet system operating in India, Pakistan and Iran, would, if the car were stolen, mean that 80 per cent of its declared value would have to be paid to customs for failing to re-export it. As a fur-



## Odyssey in a pink Rolls-Royce

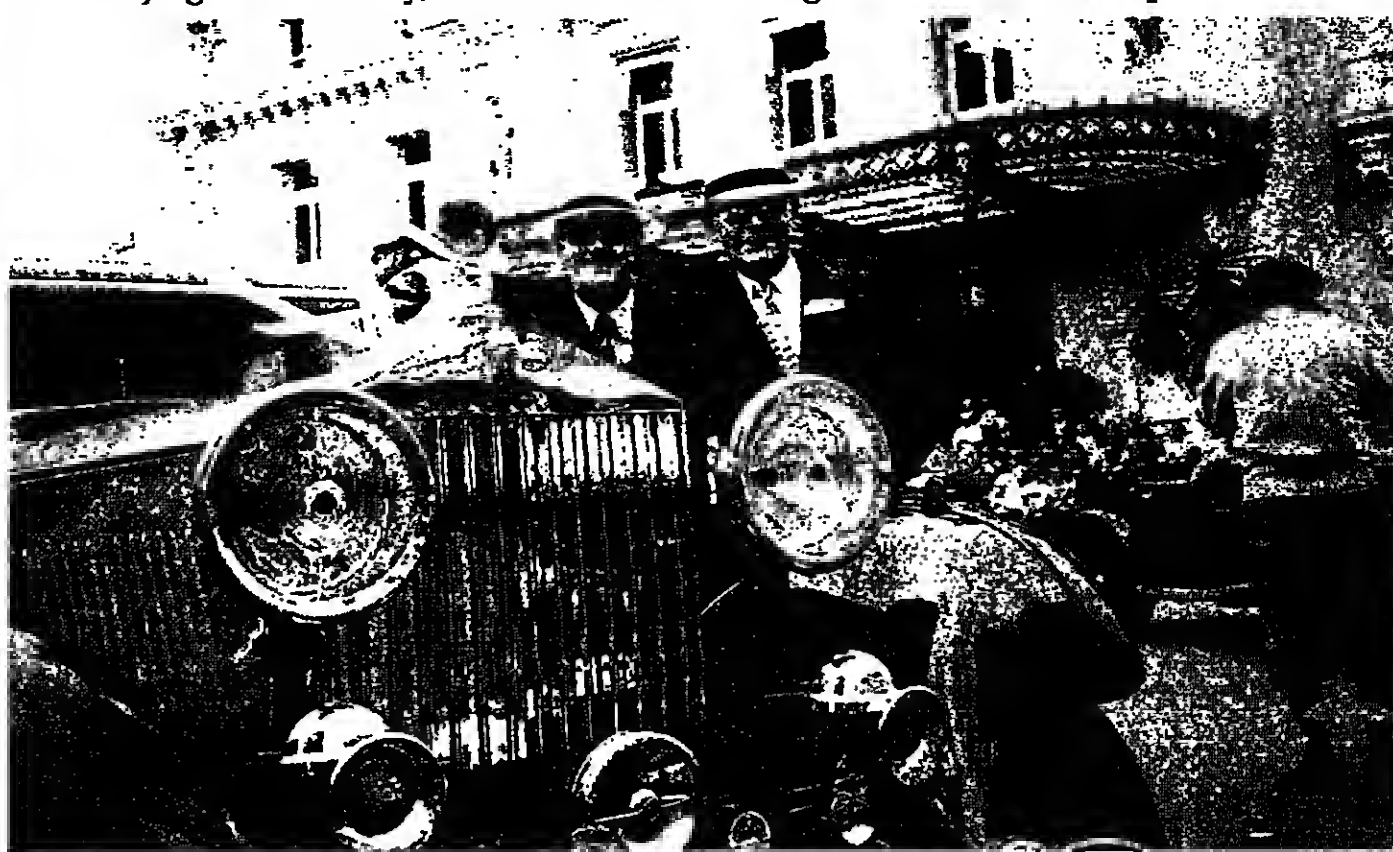
Ninety years after the first Beijing to Paris rally, another is about to begin. John Griffiths reports on a team with a 63-year-old car



Gordon Barrass



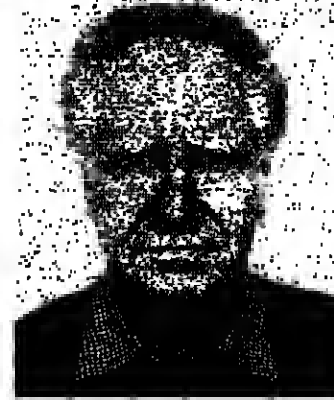
David Colvin



Stuttard (left), chairman of Coopers &amp; Lybrand China, and David Colvin, UK ambassador to Belgium, with the 20/25 Barker Sports Saloon



John Stuttard, team leader



Simon Anderson

ther security measure, Stuttard and Lord Montague are to chain and padlock their cars at night - the Rolls to Lord Montague's 1914 Prince Henry Vauxhall.

Two extra fuel tanks have been installed in the boot: needed for a car expected to travel only 12-13 miles on every gallon through terrain where refuelling stations will sometimes be several hundred miles apart. There are back-up fuel pumps, a modern oil filtration system - vital for the choking dust expected over several thousand miles - and heavier duty cross-ply tyres than were ever fitted to such a Rolls at the factory.

They have the important effect of raising the car's ground clearance to 10 inches - handy for bucketing over the unpaved roads that will make up much of the rally and along which the agile old Rolls is expected to romp at up to 85 miles an hour. "She goes like a bomb," says Stuttard - even when laden with the extra equipment, which includes two spare tyres as well as an extra spare wheel.

Preparation for the crew has not been so intense. "I play tennis and golf regularly so it shouldn't be much of a problem," says Stuttard. Pre-event training, however, has included putting the team tents up - in three minutes. In preparation for six hardy nights in the open on the trek across Tibet and Nepal.

The paperwork can be as big a job as the driving. It took an age to get insurance cover, for example - now acquired through a specialist for £2,000, although it doesn't cover theft. That would have meant a bill for £5,000 and, says Stuttard, "it's cheaper to have someone with the vehicle all the time".

To the relief of all the crews, Philip Young, the rally organiser, has put together a rescue service which, for £750, will repatriate a stricken car to the owners' country of origin.

Space and weight are at a premium, so each team member is entitled only to a small holdall. It comes down to a clean T-shirt each day plus lightweight washable trousers. With no plans to

The agile old Rolls is expected to romp along the unpaved roads at up to 85 miles an hour

shave for six weeks, Stuttard acknowledges there will be the need for more than a wash'n brush-up before venturing back into the office.

The crew, meanwhile, is having its precautionary injections, including against rabies. Two first aid kits, including saline solutions, and an automatic fire extinguisher system designed to douse engine bay and crew form part of the more sombre accessories.

Stuttard concedes that, on aesthetic grounds, Henry Royce



Roy O'Sullivan, team engineer

would rotate like a crankshaft in his grave over the CD - thus the speakers are hidden in the headlining, the discs themselves under seats. But the crew felt some musical diversion was a necessity over the many long miles ahead.

"Each crew member gets a choice of two CDs; a hit like desert island discs, really," says Stuttard, indicating, however, that the choice of Grateful Dead might involve the chooser in a longish walk. Wagner's Valkyries, on the other hand, could

come in useful for inspiring an extra turn of speed.

Along the route, the FT car and its crew plan a series of fund-raising activities for the Red Cross, an appropriate charity given the humanitarian aid projects in which it has been involved in many of the countries making up the route.

There are clear-cut goals for this fund-raising. Stuttard and his colleagues at Coopers & Lybrand want to raise £50,000 to teach Red Cross teams in Nepal how to deal with the natural disasters to which the country is prone. The project is dedicated to the memory of Peter Walsh, a former colleague and Red Cross trustee who died of cancer last year.

As part of the fund-raising, Coopers & Lybrand offices along the way will be organising functions in cities such as Kathmandu, Lahore and Istanbul to coincide with rally "rest" days.

The adventure is now approaching fast. The cars of 60 UK-based competitors are en route by sea from Felixstowe to

Beijing, to arrive later this month in preparation for scrutiny and the departure from Beijing. The FT's man in Beijing, Tony Walker, is hoping to accompany the Rolls at least as far as Lhasa.

Along with the 100 other competing crews, Stuttard hopes that the challenges facing the Beijing-Paris competitors will only be physical - not the political ones which confronted the last major rally through much of the region, the London-Sydney marathon of 1988.

On the London-Sydney event, war in former Yugoslavia, an outbreak of hostilities in Armenia and a last-minute ban by Iran on travel through its territory resulted in more than 100 marathon cars and crews having to be airlifted between Ankara and New Delhi by Russian Anotnov superfreighters.

■ *Donations can be sent to Kate Pilgrim, Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN, marked "Peking to Paris Account".*

### Road Test

## A good run for your money

Stuart Marshall finds the new Daewoos solid and reliable, with unmatched customer support

The philosophy behind Daewoo's successful entry into Britain's car market would be familiar to the stall-holder selling goods at silly prices. "Never mind the quality," he would shout at sceptics, "feel the width."

Do not misunderstand me. I am not suggesting Daewoo cars are badly made. It is simply that, being based on elderly General Motors designs, they are not exactly state-of-the-art mechanically.

But they are lavishly equipped, keenly priced and marketed through a customer friendly, company controlled organisation which has nothing to do with the normal retail motor trade. Buyers get what is, in effect, a cradle-to-grave motoring package.

All Daewoos come with a three-year/60,000 mile warranty and AA roadside cover. Also included is three years' servicing, usually carried out at one of Halfords 113 superstores, that really is free.

Nothing is charged for replacing wearing parts, consumables such as engine oil, or labour. A free courtesy car with no limit on mileage is provided while the Daewoo is being serviced. If buyers decide within the first month/1,000 miles that they do not like the car, they can change it for another or get their money refunded.

With this kind of back-up, does it really matter if the engines are a bit long in the tooth and the

running gear like that of the last Vauxhall but one?

So far, about 15,000 buyers have decided it does not and the sales curve is rising. So, in a little over two years, Daewoo has gone from being a name that only a handful of Britons had ever heard of, to one that is already giving some of the smaller companies in the motor industry a run for their money.

Even now, few Britons have any idea how big Daewoo is. It manufactures everything from computers to excavators, super-tankers to microwave ovens. And, of course, cars. So far, the only cars have been the Nexia and Espero, which are in effect rebodied versions of no longer young Opel/Vauxhall Astras/Kadets and Cavaliers/Vectras. Over the next few months Nexia and Espero will gradually be replaced by three new models - the sub-Astra-sized Lanos, the Cavalier-sized Nubira and a slightly larger Leganza.

I find the model names eminently forgettable. To me, the first two sound more like over-the-counter remedies for itches than motor cars. Leganza con-



Daewoo's Nubira CDX estate is lavishly equipped and keenly priced

tures up the vision of a tatty nightclub in which the very young swallow forbidden tablets and juggle around to music like the noise made by heavy machinery operating in a confined space.

But never mind. There was nothing wrong with the Nexia and Espero if your expectations

and resources were modest. True, the ride was nothing to write home about, nor was there anything high-tech about their mechanics.

But they proved to be very reliable, the service back-up has been as good as Daewoo promised, and the equipment levels

were remarkably generous.

Daewoo is serious about being a world-scale car maker. More than 1,000 people at its technical centre in Worthing, south-east England, and engineering centre in Munich are helping to develop the cars it plans to make at a rate of more than 2m a year from

2000. A lot of input from Worthing, as well as international research consultancies, has gone into the Lanos, Nubira and Leganza.

Lanos, which comes in three-, four- and five-door versions with 1.4-litre and 1.6-litre engines, is slightly smaller than the Nexia. Class rivals include the Rover 200 and Ford Fiesta. Nubira fits into the gap between Nexia and Espero, has four-door saloon or five-door estate bodies and a choice of 1.6-litre or 2-litre engines with five-speed manual or four-speed automatic transmissions.

Competition includes the Hyundai Lantra, Chrysler Neon and Mitsubishi Carisma. Leganza will replace the most upmarket Espero models and, Daewoo hopes, be an alternative to the larger upper-medium class cars such as Ford Mondeo, Peugeot 406 and VW Passat.

Last week, in Austria and Bavaria, I sampled the Lanos 1.4-litre and 1.6-litre five-door hatchbacks and 1.6-litre and 3-litre Nubira estate cars, all with manual transmissions. They earned my respect for

solid build quality and reasonable mechanical refinement. Even the 1.4-litre Lanos cheerfully sustained 100mph/160kph on the autobahn, and the 3-litre Nubira was not in the least frantic at 110mph/177kph. At more sensible speeds, they were relaxing quiet. On mountain roads they handled competently; the Lanos, which felt more firmly suspended than its larger stablemate, had sharper steering response.

As with the Nexia and Espero, price and the unmatched customer service package are the strongest cards in Daewoo's suit. Even the cheapest of the new cars, the £2,795 Lanos 1.4 5-door, has standard power steering, two airbags, rear wash-wipe, a remote boot and fuel flap opening. The Lanos 1.6 5-door, with standard air conditioning and anti-lock brakes, is £11,195.

Daewoo says a Rover 218Si equipped to the same standard would be 36 per cent more expensive. It claims a £12,995 3-litre Nubira CDX 4-door saloon undercuts a similarly equipped Chrysler Neon 2.0 SLX by almost £1,760.

Daewoos are not cars for enthusiasts. But a lot of people know little and care less about the mechanical side of motoring. All they want is a comfortable, reliable set of comprehensively equipped wheels. They may find the new Daewoos have a lot going for them.

هكذا من النجمل



FOOD AND DRINK

Pubs/The Black Friar

# An architectural gem

Shame about the bottled beers though, says Giles MacDonogh



The Black Friar pub which is a work of art

Every true Briton has a vision of the perfect pub. It is probably in the country, beside a slow-moving stream or river. It might be thatched or half-timbered and inside there are quaint, intimate bars, bare boards and settles, a roaring fire and a landlord or landlady who exude hearty charm. Good ale and hearty, old-fashioned, English food is indispensable: decent wine and more refined cooking an optional extra.

It might be in town, in which case it will add a note of urban sophistication to the brew with its tall glass, well-turned old bar fittings, and a classy, regular crowd of like-minded souls.

It is hardly necessary for me to add that such pubs are rare. The brewers have often been to blame for this. Philistine management companies or individual landlords destroyed countless pubs in the 1950s and 1970s, chiefly when the old bars, glass and fittings were ripped out in a misguided attempt to democratise the interior spaces and add

a few Formica flourishes to lure in the swillers.

In recent years Camra, the pressure group, has woken up to the threat to Britain's heritage and sponsored an annual award to preserve historic pubs.

Names are also important. They used to be, for example, something Kings of France up and down the land, which celebrated the "Protestant" King Frederick's signal victory over the French at Rossbach in 1757.

They fell victim to an upsurge of jingoism in 1914, and became so many Lord Kitchener and King Georges. Elsewhere an Elephant and Castle (Infanta de Castille), a Bull and Gate (Boulogne Gate) or an Empress of Russia served to punctuate

European history as perceived by the common man. The names as often as not were distorted in an informal game of "Chinese whispers".

An example used to be found in Barnes in south London: locals had trouble wrapping their lips around the "Boilean Arms", and changed the name of the great French satirist into a homely "Boiler".

The last time I looked, however, the "Boiler" had become the "Old Rangoon", a tiresome theme pub filled with potted palms and solar topees. Joky names have replaced landmarks centuries old. As many as half the pubs in my local high street have lost their original names in the last few years and

been turned into the "Vulture's Perch" or the "Pig and Porpoise". Camra or the heritage people might go one further and require pubs that wish to change their names to display the old one, as in "Murphy's Bar, formerly the George and Dragon".

Generally pubs become historic monuments because they are old or picturesque, or as a result of their bearing witness to the great events of British history. The Black Friar in the City of London is important on both counts: its name commemorates the Dominican Friary on its site, which was almost totally eradicated after the Reformation, and because it is an almost unique example of a pub

which is a genuine work of art.

The original building dates from the 1870s. At the turn of the century, however, the far-sighted licensee, Mr Petit, commissioned the architect H. Fuller Clark and the sculptor Henry Poole RA, to transform it inside and out into a celebration of the profligate lives of pre-Reformation friars. Twenty years later the team added the Snack Bar in the same idiom, but with a few contemporary, art deco, touches thrown in.

The outside is covered in plaques and glass showing various monkish scenes, but the real glories are inside: bas reliefs show somnolent pot-bellied friars doing their rounds, picking up a trussed pig in a wheel bar-

while the keystones in the snackbar show scenes from nursery rhymes: Jack Horner, Humpty Dumpty, etc. In spite of pilfering over the years, most of it is in a good state of repair: copper gas lamp brackets still function as of old, little has been ripped out, only here and there a mosaic is in need of restoration.

The Black Friar is a delight to the eye: architecturally speaking, possibly the best pub in England. With a little imagination, however, it might be made to appeal a little more to the "inner man". The beer on tap is good enough - Marston's Pedigree, Adams, and Eldridge Pope - but that is where it ends. The bottled beers are the usual American trash, the wine list is a joke, and the food on offer makes a mockery of the loveliest snackbar in the country, not to mention the appetising scenes which cover the walls. Come on Allied, perfection is within your grasp: seize the moment.

**The Black Friar, 174 Queen Victoria Street, EC4. Tel: 0171-236 5650. Closed at weekends.**

# Sardinia - home of the seasonal kitchen

Imported flavours are making their mark on the island this summer, says Philippa Davenport

The potatoes, spinach, globe artichokes, courgettes and tomatoes that I ate in Sardinia earlier this summer were as wonderful as I remember from years ago. Simply the best I have eaten.

This accords with the belief that Sardinia is one of the last truly territorial and genuinely seasonal kitchens.

Traditionally, imports to the island have been few. The choice of locally grown crops available at any one time has been limited but their quality was without parallel, grown without chemicals and allowed to mature in their own good time, intensely flavoured and magnificently fresh.

Change is not willingly entertained in Sardinia so it came as a rude surprise to discover that this self-reliance is now prey to the universal Quest for Novelty.

The mountainous interior of the island probably remains faithful to the time-honoured way of growing food, but in the shops and markets in the tourist terrain of the Costa Smeralda, and along the northernmost slice of the country, fruit and vegetable stands have acquired a new look. Vegetables grown in the immediate vicinity are still to be found but they have been joined by produce from southern Sardinia and farther afield.

I was shocked to see Florentine fennel on sale in early June. By rights this is a vegetable that belongs to the cooler months of the year.

Even more shocking was the sight of a winter vegetable that hails from Flanders: white chichory, or Belga as the Sards call it. Mounds of it were everywhere.

No one I spoke to used the forced white spears of Belga in cooking. This struck me as an additional pity. For if one is going to break rank with seasonal etiquette and serve chichory at this time of year, it is surely more interesting to eat it braised than raw in salads.

The recipes that follow reflect the less-than-totally-Sardinian

flavours that are making their mark on the island's coastal fringes this summer. They are an Anglo-Sardinian amalgam - and rather more cosmopolitan than that, displaying, as "English" cooking often does, a magpie tendency to absorb other influences.

In Sardinia, pigs are enjoyed at any age, grown to yield generous hams, or sacrificed as the week-end of piglets, when the juicy meat sealed under parchment-thin crackling is a spit-roast speciality.

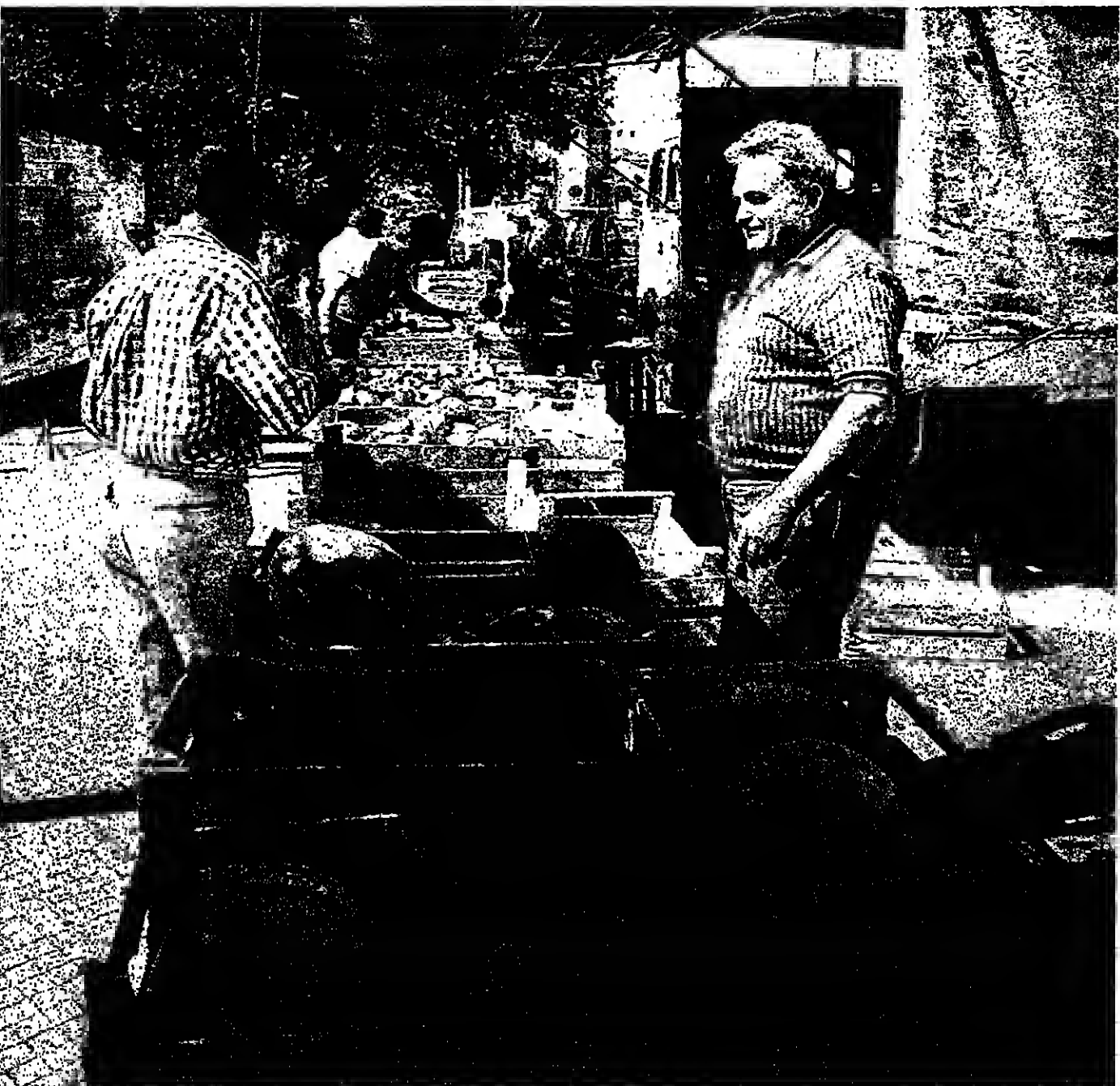
In Britain more mature pigs are preferred for roasting, and crackling is considered by many to be the chief virtue of roast pork - if you can get it. The sad fact is that pork has all but disappeared from British menus in recent years because the anti-fat brigade has frightened most producers into breeding ultra-lean pigs with such dull, dry flesh and flaccid skin that it is no pleasure to eat.

To enjoy British pork that is as rich, delicious and plucky as it should be, buy only from a butcher selling free-range or organically raised traditional breeds. Remember that fat equals flavour, that cheap cuts of pork are as suitable if not better for roasting than the prime cuts, and that good roast pork is as sumptuous to eat cold as hot.

Instead of the classic English apple sauce, with or without a sprig of sage buried in it, I favour cutting the richness of roast belly with a fragrant whiff of eastern spices, and I suggest keeping vegetable accompaniments simple - lots of plain boiled or mashed potato, clean-tasting braised chichory, and fresh watercress.

I have given up the British habit of roasting pork with its rind in situ. Maybe I am mistaken but cooking it separately seems to frazzle it more lightly and crisply, so the tooth-cracking dangers diminish.

It used to be common practice after pig-killing in England to melt down the skin and fat to make lard. The crisp little bits that refused to dissolve were variously known as scratchings, scruggins or crappins according to region, and they were a popular



A market stall in the central piazza of Aglientu, Sardinia

ingredient in baking, mixed with currants, plus a little spice maybe, added to a bowl of bread dough to make a modest cake.

In Sardinia and various parts of mainland Italy, the same crusty leftovers from rendered-down pork fat, known as *ciccioli*, are similarly incorporated into

sweet and savoury focaccia-type breads. Alternatively, *ciccioli* are simply sprinkled with salt to serve as a nibble with aperitifs - a superior snack to the commercial packets of so-called pork scratchings occasionally found in British pubs. The home-made version deserves revival here.

**SPICED AND ROAST BELLY OF PORK**  
(serves four hot or cold)

Few recipes are easier than this, which is particularly good to eat cold.

It needs no attention while it cooks, and does not even require the oven to be pre-heated, but do

not attempt it unless you have access to pork of excellent provenance. The meat of intensively farmed modern breeds of pig is not worth eating.

1½-2kg thick end belly of pork; scant 1 tsp each freshly ground coriander seed, crushed fennel seed, Chinese five-spice powder,

coarsely ground black pepper and salt.

Ask the butcher to strip the skin from the pork, leaving most of the fat on the joint. Then ask him to score the rind and cut it into four pieces.

Mix the salt and spices in a saucer and press as much as you can into the pork fat; turn the joint over and rub the rest into the flesh on the bony underside.

Lay the joint, fat side up, on a rack in a large roasting pan, and arrange the skin, rind side up, round it, propped up between rack and the sides of the pan, not lying on the base. Put the pan into the oven, switch on to 200°C (400°F) gas mark 6 and roast for 75-80 minutes.

Let the cooked pork rest for 15 minutes before serving. Meanwhile, pour off the dripping (wonderful for sauté potatoes) and cut the crackling (alias scratchings) into bite-size pieces to season with salt and serve with drinks while awaiting the roast.

**BRAISED CHICORY**  
(serves 4-6)

I baste this once or twice as it cooks, and spoon the strips of vegetable at the edges into the centre. If this step is omitted, the chicory may end up a little charred at the edges and less well cooked in the centre.

600g whitloof chicory; 75g butter; 1½ teaspoons sugar; 1-2 lemons; 2 tablespoons chopped parsley

Trim the chicory, split each head lengthways in half, then cut into long thin strips. Spread a large shallow baking dish thickly with butter. Put the shredded chicory into it, sprinkling sugar and plenty of pepper (no salt) between layers.

Drizzle with 2½ tablespoons lemon juice and dot with the rest of the butter. Lay a sheet of butter paper on top but do not cover the chicory completely - some juices should be able to evaporate during cooking.

Slip the dish into the oven, on a shelf below the pork, and switch it on to 200°C (400°F) gas mark 6. Cook for 75-80 minutes, turning and basting the vegetables occasionally.

Leave the vegetable dish in the switched-off oven while the joint rests. Season with salt - and maybe more lemon, sugar or pepper - and stir in the parsley before serving.

Some 10 years ago, an imaginative wine merchant, Duncan Vaughan-Arbuckle, came across one of the great unexploited masterpieces of Victorian engineering: the sprawling series of vaulted arches just south of the exhibition space designed to confirm London's role as the undisputed centre of the world of wine.

It is easy to be sceptical. A reminder of a past financial disaster associated with the site literally overhangs the project; the railway line above the arches. Its construction was so expensive that it triggered the Overend Gurney crash, worst of the Victorian financial crises.

More relevantly, a superficially similar project, the Centre Mondial du Vin in the heart of Bordeaux, has proved an unhappy precedent. But Vinopolis is different. As Tony Hodges, the experienced marketing man who is in charge of turning the vision into a viable project, says: "We are firmly customer, not trade-oriented. We're basing ourselves on the obvious point that the consumption of wine in this country has run ahead of our knowledge of the subject."

More important, the project has been cannily assembled as a group of potential profit-earners. The centre-piece will be an exhibition, a state of the art all-singing all-dancing all-21st century Interactive Wine Odyssey through the wine regions of the world and artfully designed to appeal to visitors of every degree of vinous sophistication.

They will be able to taste, free, up to five wines; the price of admission also includes an audio guide and, of course, the wine-orienta-

# A wine world Odyssey

Nicholas Faith outlines an ambitious new London project

tion means that Vinopolis will be free of noisy youngsters.

Wiseley, the organisers are not relying on the Odyssey as the only source of revenue. As Hodges says: "We're less dependent on the core attraction than you think."

Roger Wood, the financial director recruited from Automotive Products, adds: "Our financial projections are remarkably sober since we'll still be in the profit if our visitor forecasts fall short by as much as a fifth." The 500,000 annual visitors hoped for sounds a lot until you compare the figure with the numbers expected to be in London - and on Bankside itself - by 2000. Vinopolis should be making an operating profit from day one and the cash flow should allow dividends to be paid a couple of years later.

The Odyssey itself accounts for only two-fifths of the estimated profit. There will be grand tasting halls - in which wine producers are already queuing up to have their products featured (as a result, says Hodges, "We'll have more people tasting wines than anywhere in the world").

Majestic Wine warehouses has taken a lease on a large wine store; the promoters themselves will run Sacchalia, a store offering every accessory a wine enthusiast can think of; there will be four restaurants of every level of price and sophistication, in addition to banquet facilities for up to 750 diners. Vinopolis will act as a training and education centre; and investors are invited to be "Friends" of Vinopolis.

But just as important is the style in which the whole project is being carried out. The yellow bricks will be left uncovered wherever possible, and the style of the whole project is set by the logo, which is simplicity itself, but adaptable enough to be employed on everything connected with Vinopolis.

The project fits in well with the transformation of its immediate neighbourhood, one which, historically, has always been associated with wine.

A few years ago a Roman wine store was uncovered nearby and since the early Middle Ages the banks of the Thames were used to store much of the wine imported into this country.

The whole of Southwark, until recently a scene of

inner-city decay, is in the process of becoming a major cultural hub.

There will be a new station nearby on the Jubilee Line extension, the Globe Theatre is already open, while Bankside power station is being refurbished to house much of the Tate Gallery's collection, and Borough Market is being redeveloped as a shopping centre. So, if all goes to plan, by the millennium this small area will be transformed into Europe's most exciting new cultural centre.

Ironically, even before it has opened, the project could be a victim of its own success. Its fund-raising efforts, based on a prospectus issued by KPMG, have already attracted around 150 investors who have entrusted an average of £12,000 to the project.

Circling around Vinopolis are a number of vultures, personal and corporate, who would clearly love to take over the whole project, lock, stock, barrels and arches. But such a takeover would destroy the soul of the idea of a group of like-minded individuals harnessing the best of the design talents available in London and creating a unique scheme. A new single owner could well impose a narrower, less imaginative, purely financially driven vision.

■ Tony Hodges, Wineworld London, 77A Walton Street, London SW3 2HT. Tel: 0171-351 4477, fax 2231.

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## OUTDOORS

# Rosemoor Taking stock of segregation in Devon

'Could have done better' is the verdict of Robin Lane Fox's veteran visitors

The sun has been up, the FT Index has been even higher and many are enjoying a celebratory holiday.

Holidays are a particular concern of two of this column's regular followers, James Stock Tracker and his American wife Nancy. The Stock Trackers' recipe for a good life is simple: latch on to others, enjoy their efforts and never become involved or take a position yourself.

The summer is being spent pleasantly in Stock Tracker style. They have applied their principle to horse racing and have enjoyed the best of Ascot and an excellent Goodwood without any intention whatsoever of buying a racehorse themselves. They have given some remarkably stress-free dinner parties ever since Nancy discovered the little-known address at which she can order the best of Raymond Blanc pre-cooked.

Every August, they turn their attention to gardening, or rather, garden-watching. No self-respecting Stock Tracker would go anywhere near a flowerbed. Better by far to visit other people's efforts without even learning how to mix weedkiller in water.

Nancy has never seen the West Country and last week the Stock Trackers made the long journey across Exmoor to the much-publicised western outpost of the Royal Horticultural Society. In the 1980s, the RHS indulged in a brief flurry of behaviour as if it were a division of the National Trust. It took on the offer of two private gardens, Hyde Hall, with its vivid display of roses, in Essex and Rosemoor,

the kind gift of the then Lady Anne Palmer, near Great Torrington in Devon.

The Stock Trackers hugely enjoy Royal Ascot and they assumed that they would enjoy the Royal Horticultural Society's style of gardening, too.

On arrival, they were mildly surprised to see a garden on the left of the road with No Entry signs on its gates, even though they seemed to lead into established canopies of trees. Instead, they were turned right on to the familiar entry-route of almost any Heritage paying centre in Britain.

Between the gift shop and the restaurant, they found themselves on a terrace, looking over acres of former grassland and a chunky flight of garden steps.

Nancy is a great believer in the old principles of Georgian England and its landscape gardeners. She particularly values their advice about "consulting the genius of the place". The Rosemoor field did not, to be fair, have much genius, but it did slope down to join a hillside of pleasant, broad-leaved trees which struck her as a peaceful feature for elaboration.

Peace was not exactly the mood of the intervening landscape. The top terrace was defined by large clumps of the yellow variegated Phormium, which has never been one of the Stock Trackers' favourites. The jazziness of the leaves collided with a surrounding carpet of half-hardy Salvia and all sorts of relations of the marguerite in a colour-flash which was not exactly restful.



The dark grey surfacing of the paths throughout Rosemoor's former meadow were not exactly congenial

The main walk of the garden was aligned on the chunky steps and focused on a circular garden pool with coping. On either side, individual enclosures were hedged off by barriers of yew, giving the former meadow an oddly busy appearance.

James likes the classic style of pond and was surprised to find that the Rosemoor centrepiece had one retaining wall much higher than the other in order to cope with the sloping ground. It looked most peculiar when viewed from the side axis and was not improved by a low plume of a fountain which resembled an under-powered Jacuzzi.

Standards of maintenance were as admirable as the many visitors would expect from the RHS, but there was a surprising preference for layers of roughly chopped wood-chippings, which were most unlikely to decompose and reminded the Stock Trackers of bedding for thoroughbreds they

had seen on a guided tour of Newmarket.

In August, the main eruptions of colour are in a modern rose garden which is pulsating with carmine, scarlet and tall stems of the salmon-orange rose Alexander which is allowed to poke above the line of the hedges.

The Stock Trackers had believed that these Technicolor modern collections were going out of fashion, except in municipal parks, but the Rosemoor special effects were remarkably powerful. Beyond it, a square enclosure was devoted almost entirely to strong shades of red and yellow, but the tones were much more harsh than those they had enjoyed last year at Hardwick Hall and were not improved by the curious addition of mauve Monarda and some very strongly coloured Verbenas.

Nancy was starting to think that this vivid assault on a former meadow was designed for

people who felt at home in the ground floor of Bloomingdale's in her native New York. James began to realise that most of the planting had landed there on a principle of segregation.

One enclosure had new roses, another old roses, another had silver, brown and variegated foliage, another had the red and yellow riot; the long border which cut sideways through these units was colour-coded.

The Stock Trackers were wondering how to find the original Rosemoor Garden when they found themselves out in a densely chipped area of mulching and followed the signpost under the road so as to double back on their tracks.

Near the old Croquet Lawn the same fondness for conifers, mixed Phormiums and silver leaves re-emerged and the Stock Trackers were surprised to see

accompanying dots of the strong yellow-leaved Campanula garganica Dickson's Gold. The brown stones and brown surfacing were not the most plausible match for silver leaves and Eucalyptus. The dark grey surfacing of the paths throughout the former meadow were no more congenial.

As committed non-members of the RHS, the Stock Trackers were relieved that they had not engaged personally in a style of gardening which was so exhausting both visually and physically. Returning in silence towards the Exit Car Park, they found themselves thinking that the main site would have looked much more harmonious if it had been made into a gentle arboretum and left to blend with the woods.

It was a relief to enter the Plant Centre and play nothing more than the usual Stock Tracker game of checking prices on plants which they had no intention of buying themselves.

They were surprised to find how many of the herbaceous plants were priced at more than £5 each and how little was on offer to encourage members at less than £5. They are veterans of Plant Centre tracking and by now they know only too well the tell-tale labels which reveal that almost all the stock has been brought in from another source.

The Stock Trackers wondered how many people came for a walk and the shopping and how many came with a seriously critical eye, relating the experience to the delicate, mixed planting of important private gardens.

Back in the car park, they decided next year to go back to Kiftgate Court in Gloucestershire where the gardens have been run without the intervention of any trust or institution throughout this century and the plants on the stands are grown for sale by the owners themselves.

Think of topiary and think of box. But Elizabeth Brainbridge believes this adaptable evergreen, buxus, should be allowed to grow to its natural form. Brainbridge is one of the prime movers behind the renewed popularity of box. Her mission is to provide gardeners with a big choice of box cultivars; she wants garden enthusiasts to explore the real plant behind the stuffy clipped versions the British associate with the name box.

She is well on the way to achieving this, having introduced 14 cultivars to the UK in the 14 years she has been running Langley Boxwood Nursery at Rake, near Liss in Hampshire.

Brainbridge has almost 80 named varieties of box at the nursery. "You will rarely find box in garden centres in the UK," she says. "This is because it is a difficult plant to water using an overhead system. The water just bounces off the leaves and doesn't get into the pot. So box in garden centres goes yellow through lack of nutrient, and fails to sell itself."

"This is a great shame; self-shaping forms that weep or make elegant natural domes, or form lovely shimmering ground cover, look just as much at home in a cottage garden or a city courtyard as clipped versions do in more formal settings."

"Box is a consistently reliable, low-maintenance plant that can give shape and structure to a garden throughout the year. It has a wonderful glowing green colour. It sparkles on a bright winter day and its tiny flowers bring cheer in February."

"And it smells differently according to the weather. In winter it is much sharper, while in the summer it has a soft, mown-hay scent. The Dutch and the Belgians - great box enthusiasts - have a name for it: the fragrance of eternity. People love to stroke it - it is very tactile."

Box first came to real prominence in the Italian gardens of the late Renaissance, although its botanical name, *buxus*, comes from the Greek meaning box, as the wood was carved into boxes.

The dull image came from its extensive use for edging and low hedges in Victorian and Edwardian gardens.

Its big decline in popularity was as a result of the second world war. The austerity that followed brought a shortage of cheap labour and herbicides that made maintenance of formally clipped box difficult. It soon became the forgotten plant of British gardens.

"Until I became interested in box in my 40s, when I was trying to find some box hedging for my garden in London, I had not realised how neglected the plant had become in the UK," Brainbridge, 64, says.



Elizabeth Brainbridge: her enthusiasm for the evergreen box is catching

Tony Andrews

## Box Nursery

# Free thinking and free-growing

Clive Fewins talks to an advocate of natural forms

Her highest order was to supply 35,000 dwarf plants to the newly restored Privy Garden at Hampton Court. Unusual topiary orders have included a lifesize Maserati for a pop star and the letters QPR for a football enthusiast. Last autumn a man from Paris walked into the nursery and spent £6,000 on large topiary. The Hampton Court variety was *Suifruticosa*, a dwarf version of the common box, *buxus sempervirens*.

Faulkner is recommended as a low-growing variety that is good both for hedging and ground cover. It is a microphylla, one of a group of small-leaved Asiatic boxwoods, it thrives in dry conditions and is hardy.

Another favourite is a blue variety she recently added to her catalogue. She first obtained it from the Royal Horticultural Society at Wisley and calls it Wisley Blue. Brainbridge recommends it for a tall hedge; it has a big leaf and will grow strongly up to 6ft. For even taller screens she suggests *Rotundifolia* or *Blauer Heinz*, both forms of *sempervirens*.

Brainbridge, who has a full-time staff of four in addition to her retired cardiac surgeon husband Mark, who acts as delivery man when he is not chafing

meetings of the European Boxwood and Topiary Society he helped found, is modest about the scale of her achievement.

But she is described by Lynn Balfour, of the Washington-based International Registration Authority for Cultivated Boxwood, as "having done more for box in the past 10 years than all the other enthusiasts have achieved this century".

Excitement shines in Brainbridge's eyes when she talks about what is obviously to be the event of her year: the six plants - all species new to her - that she is expecting from Cuba this summer. They will be brought by a Cuban academic and box specialist who will be visiting the Royal Botanic Gardens at Kew.

Of the 80 recognised species, two - *Buxus sempervirens* and *Buxus balearica* - are native to Europe; the rest originate from Africa, China, Japan, Nepal and Cuba, home to some 34 species. In 1998, Brainbridge helped set up the Cuban national botanic garden in Havana. The plants will be a small gift from the Cubans, who refer to her as "Madam Buxus".

"With my husband, I have trailed through swamps in southern Japan, and studied box plants in sub-arctic climates as

well as tropical Africa," she says. "We have been to China and the US and made three trips to Cuba. The arrival of the Cuban varieties will be one of the most exciting things to happen since I started the nursery."

The six new varieties will add to rarities she has carefully propagated over the years such as the box *ringar intermedia*, which comes from Nepal and looks like a grey-green leafed beech.

Situated along a rutted track off the B2070, the nursery is a place of pilgrimage for enthusiasts from all over Europe. With its ranks of topiary - crowns, obelisks, domes, balls, and animals - it has a rather surreal air. In recent years Brainbridge has had to buy in some of these shapes from other growers to satisfy increasing demand. Her staff are about to plant a neighbouring 14 acres with hundreds and thousands of cuttings.

"When I started the nursery I had no idea of the surge in interest in box that was about to take place," she says. Perhaps what she did not anticipate was the effect her enthusiasm for box was to have on other gardeners. It has proved to be catching.

Langley Boxwood Nursery, Rake, near Liss, Hants GU33 7JL; tel: 01737-894667.

## Raptor Control

# Something to grouse about on the moor

It's open season for controversy, says Michael Wigan

Raptors were never so controversial when they were vanishing as they are now that they are returning in numbers.

The birds that eat other birds have become a battleground on which country folk and sporting managers are ranged against those who want an avian free-for-all.

Until recently, it was a tussle only noticeable in wild raptor country but the issue has been moving into the sphere of nature management. Two years ago, the Department of the Environment convened a meeting in London on whether raptors should be studied with a view to issuing licences to control them. Government scientists and the Royal Society for the Protection of Birds were arraigned by land managers on the same theme at a conference in Inverness.

The protection of wild birds has been steadily impinging on land managers, particularly sporting businesses. Not only are sparrowhawks preying on pens of young pheasants, and increasingly numerous peregrine falcons downing valuable racing pigeons, but cormorants, herons and sawbill ducks are punishing recreational fisheries.

The term "conservationist" is one which hunting and shooting supporters and those seeking protection for species of birds and mammals each try to hijack. Manipulation has made it confusing. Conserve what? Conserve individual species, or the ecological pyramid of species? Conserve the present diversity, or recreate the diversity of an imagined past? Conserve traditional jobs and small country businesses, or conserve nature for its own sake, regardless of the results?

The form of field sport which occupies most acres of the British uplands is grouse shooting. But the sport is shrinking. Although English grouse moors have enjoyed record bags in the past 10 years, Scotland's grouse are disappearing. In the East Grampians, where grouse shooting used to thrive, some moors have not been shot for several years. Gamekeepers are being laid off and this form of land use is becoming unsustainable.

Explanations for the decrease in Scottish grouse are varied: changes in moorland ecology are blamed, with fewer insects for

young grouse to eat; fewer gamekeepers; or a blip in the bird's reproductive biology.

Many moorland landowners feel that proliferating raptors are also a factor. Game Conservancy scientists have identified what they call the "predator trap". When grouse numbers fall, raptors cream off any surplus breeders that could push the population up again, leading to a critical decline. The raptors capable of creating the "predator trap" are golden eagles, peregrines and hen harriers.

An important industry in the uplands is at stake. A few years ago, the Game Conservancy, the RSPB and the Institute for Terrestrial Ecology initiated the Joint Raptor Study, a five-year investigation into the interaction between raptors (mostly hen harriers in this case) and grouse stocks, to

be performed on the Buccleuch Estates near Langholm in the Scottish Borders. The report, due in the autumn, will conclude that raptors damage grouse stocks.

A Game Conservancy study on Salisbury Plain showed that grey partridges were four times as numerous on areas which were kept and vermin kept down. This result was instrumental in keeping magpies on the control list.

Field studies of this sort are influential. The frisson surrounding the barrier trials is that the potential offender is protected.

There is provision, however, within both the European Wild Birds Directive of 1979, and the British Wildlife and Countryside Act of 1981, for the introduction of licences to control raptors.

The RSPB has declared itself opposed to this. However, it is a charity, attempting not to alienate its members. Other organisations are less encumbered.

Chris Mead, who has monitored numbers of British birds for more than 30 years, was once the British Trust for Ornithology's

senior ringing officer. He sees the increase in raptor numbers as "wholly healthy".

He cannot conceive of controlling the numbers of birds of prey, unless, he said, "a white-tailed eagle was circling Heathrow and threatening to bring down a passenger aircraft". He thinks grouse moors are living "on borrowed time", ecologically incapable of maintaining populations in commercial quantities.

He accepts, though, that natural balances need maintaining. The most poignant symbol for him that we have messed up our environment and have a duty to put things right is that, of all the peregrines in Britain, the least successful are on the remotest cliffs of north-east Scotland.

The reason? Their seabird diet is contaminated by chemicals delivered on airstreams.

Shooting managers, on the other hand, are responsible for running seasonally volatile and potentially high-value businesses. To them, the case for managing raptors is straightforward. They say existing wildlife management policies act to maximise the number of raptors.

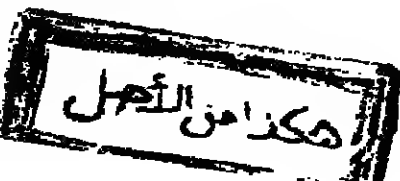
Gamekeepers killing foxes and crows remove raptors' competition - by managing only a few predators, gamekeepers are benefiting the rest.

No one is suggesting suppressing raptors to extinction levels again. Predators and gamebirds must co-exist. What estate managers are talking about is a move away from the policies of reaction to persecution and the days of DDT poisoning, to a scenario where raptors could be managed along with gamebirds.

A grouse moor in "good heart" would sustain a certain number of peregrine pairs and hen harriers. If the raptors were pushing grouse numbers too low, culling of their eggs could be resorted to.

In his 1996 book *Gamekeepers: The American Conservation Writer Stephen Budiansky*, an admirer of the grouse moor system, explains naive assumptions about natural balance in environments that are already almost entirely of human manufacture.

Once the cycle of interference has started, and he does that to the aboriginals, the obligations to maintain an equilibrium must be sustained. It is far too late to withdraw and let the successful adapters crowd out the rest.





EDUCATION

**R**ight now, Suzanna Nagle, a 19-year-old from Hendon School in north London, is somewhere in the Indian Himalayas, trekking towards the old British hill station of McLeodganj.

It is the final chapter of her "gap year" - she prefers "voluntarism" - which started after she received her A-level results this time last year.

Before her month-long Himalayan adventure began, she had arranged a patchwork of different pursuits: a month with the Dandy Lion Trust, a charitable group; a four-month trip to New Zealand, which included a stint working on an organic farm; and a temporary job as a secretary for a Citibank project in London's Docklands.

How many other students will be able to follow Suzanna Nagle's example remains unclear.

That is because no one knows for sure what impact the government's decision to allow universities to charge tuition fees will have on the number of students taking a gap year between school and university.

It could make the gap year a miserably pursuit, as students choose to go to university straight after their A-levels and avoid adding to a graduate debt which, according to the government's calculations, could be more than £10,000 after a three-year degree course.

On the other hand, it could make the gap year more popular, as students choose to step off the school-to-university conveyor belt to earn the money to pay for their studies.

Financial considerations will, more than ever, loom large in the decision about whether to take a year off, particularly for this year's cohort of students - the last to be offered free places at university.

The government announced last week that the 19,000 students who have secured deferred entry places for 1998 will be given a one-off tuition fee exemption. But another 70,000 students - who are taking a gap year but did not apply for deferred entry - will face paying the £1,000-a-year fee.

A gap year, however, is not ultimately about money but about gaining the matu-



Raleigh's expedition in Belize, which surveys pollution, involves making two dives a day at sites near uninhabited coral cays

Raleigh International

# Gap in the learning curve

Simon Targett finds students facing a tougher decision about whether to take a year off

ity to enjoy university and the work experience to impress employers. It can also go down well with university admissions tutors.

How Strachan, a Cambridge don, says: "The question that we like to ask at interview is not 'you're planning to take a gap year... justify your decision' but, to the person who wants to come straight up to university, 'why do you want to come up straight away, given that you have a marvellous opportunity to go and do something completely different with your life for a whole year, with remarkably few questions asked?'"

Employers look favourably on students who have taken the trouble to acquire some

basic employment skills. Figures from the Association of Graduate Recruiters, which represents more than 300 of the country's "blue chip" companies, indicate that employers pay a premium for students with demonstrable work skills: team-working, communication and leadership.

Companies with a global reach - including Glaxo Wellcome, Rolls-Royce, Tarmac and Unilever - have expressed support for organised gap-year activities. Once the decision to take a gap year has been made, the next question is what to do with it.

The choice is limitless. One option is an old-fashioned work placement. Some companies, including

British Steel, take on students with a view to sponsorship through university. Marks and Spencer runs a gap year business placement scheme.

There is also a Year in Industry programme, financed by the Gatsby Trust and backed up by the Engineering Employers' Federation, which provides around 550 students with the chance to gain industrial experience.

Another option is voluntary service. This might not improve the bank balance, but looks good on the CV. The Prince's Trust Volunteers runs a 12-week gap year programme, attended last year by more than 200 students carrying out community projects.

There are also "adventure" expeditions, with students spending several months in third world countries combining travel with community or environmental work.

Raleigh International offers a range of projects, with students having to raise about £2,995. These include conducting an underwater survey of the coastal waters around Belize to establish the effects of pollution on Belize's barrier reef; carrying out a number search of the *huemul*, the endangered deer that is one of Chile's national symbols; and making rhino pens and bird hides in the wilds of Namibia.

Another group is World Challenge Expeditions, which organised Suzanna's Himalayan trip. It runs short trips, and a "gap challenge" programme which costs about £1,650. Students taking up its postings - which last between three and six months - could find themselves teaching in Tibetan refugee camps, working on a cattle station in the Australian bush, or setting up an education centre on a safari camp in Malawi.

As many of the structured programmes last only a few months, it is possible to string a few organised programmes together, as Suzanna has done.

World Challenge Expeditions provides a 12-month return ticket, giving students another option: to travel independently after the work placement.

## Try, and try again...

**I**t used to be true that if you flunked your A levels, you could simply retake them. If you then did well the second time round, the world was still your oyster. Unfortunately, that is not the case any more.

The greater competition - with some "ivy league" universities facing 15 well-qualified people chasing every undergraduate place - and the fact that the A level pass rate reached a record high of 87.1 per cent this year, means many institutions are not giving a second chance to the retake student.

Oxford and Cambridge are off-limits for the retake student, said Nigel Stout, principal of Mander Portman Woodward, the largest tutorial college in London, which, with its sister colleges in Birmingham, Bristol and Cambridge, takes on about 350 students for their retakes. "You might be lucky with a subject like chemistry, but otherwise it is very difficult," he said.

The top medical and veterinary schools are also virtually out of bounds. "Ten years ago, I would have been very disappointed with a 50 per cent success rate in getting pupils into medical school," he said. "But these days, I'm delighted."

Even then, the route is a rocky one for the retake student. Typically, Stout said, the medical applicant who has done poorly in his first attempt at A levels will be rejected by all the medical schools. This means the student will have to retake the exams, and then take a second "gap year" so he can reapply with a full hand of top grades.

But this is not to say that retaking these disappointing A levels is a pointless exercise.

Many good universities are not so snooty about retake students. Imperial

College in London - which often trumps Oxbridge in the eyes of employers - is one, said Stout. "If you achieve high grades, you have a sensible chance of getting in."

Getting into a top university can do wonders for your employment prospects.

After Oxford and Cambridge come Bristol, Durham, Manchester, King's College London, Birmingham, Nottingham, Exeter and the London School of Economics at the top of the target universities list for leading firms of lawyers, merchant bankers, accountants and actuaries, according to a survey published this week by the MPW group of independent sixth-form colleges.

This much, perhaps, justifies the huge cost of retake courses at private tutorial colleges, the specialist institutions originally known as "crammers". If you A level results were BBC, and you retain ambitions of going to medical school, colleges would recommend you retake all three A levels, and that would set you back about £9,000.

A cheaper option would be to take a course at the local further education college.

But retaking A levels is not just about getting into "ivy league" universities.

"It is also about who you are," said Elizabeth Rickards, principal of Davies Laing and Dick, which takes on around 140 retake students.

"If you do badly, it is probably the worst thing that has happened to you. You become a 'CDE' person, or whatever, and that can have an effect on you for a long time. But if you retake and you do well, there is a feel-good factor, and it means you feel capable."

Simon Targett

## EDUCATION COURSES REVIEW

grouse moor Michael Wignall

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## PROPERTY

# The pitfalls of making your garden grow

Sally Smith says people seeking to buy neighbouring farmland to extend their properties can face unforeseen complications

**Y**ou have a pocket handkerchief garden. The neighbouring farmer is happy to sell a parcel of farmland for you to extend into. Perfect.

Perfect, that is, until the local planning authority finds out - as a couple near Worcester discovered when they were ordered by the planners to dig up their newly planted borders, trees and shrubs.

The main pitfall of buying farmland to extend a garden is that, technically, it is a "change of use" for which planning permission is required. This is where Trevor and Elaine Pearce who live at Norton-Juxta-Kempsey came to grief: they were unaware that such consent was necessary until they had bought the land.

When they viewed their new house they were concerned that it had such a small garden, but, assured that the owner of the adjoining farmland was interested in selling, they went ahead with the purchase.

Acting with three other new owners, they bought two acres, which was divided up between them. The Pearces paid £3,750 for their portion. When alerted that consent was needed, the four parties made a joint application, "never imagining," said Elaine Pearce, "that we would be turned down."

But Wychavon district council, the planning authority, considered the areas involved to be too large. The applicants were advised to reduce them substantially and re-apply.

For the Pearces, by now

engaged in planting 53 trees and shrub borders, this meant a reduction from about 0.6 of an acre to just 0.12, which the planners permitted. An appeal was made, but the decision has been upheld and now the Pearces have to un-garden.

There are householders all over the country who have done precisely the same thing, greatly adding to the enjoyment of their homes and the value of their properties. And as falling product prices threaten to reduce farmers' incomes, some might be happy to raise cash by selling what, to them, is

**Farmers are alive to the worth of their land once its farming status has been removed**

only a small piece of land.

Privately, specialists say that where the Pearces and their neighbours went wrong was in applying for planning consent at all. There was a good chance that the extensions would never have been discovered and if the situation had continued unchanged by the planners for 10 years, the householders could have applied for a Certificate of Lawfulness and the land would have become a garden - officially.

In many cases buyers take just such a chance. The land

is hought and fenced. For a while it remains as rough grass, then gradually it becomes absorbed into the garden.

"The difficulty comes if the house is sold before the 10 years are up," explains Chris Jones of Berry Bros Holmes, a surveyor who operates in the Welsh border country from Shrewsbury and is involved in garden deals several times a year.

"Searches will show that planning permission has not been granted and so we would never advise anyone to buy without getting consent. But it is ironic that those who act correctly can be penalised. Planning attitudes also vary widely from district to district."

The main concern of planners is of "suburbanisation" - landscaped vistas rather than natural surroundings. And gardens do not end with roses - they can include swimming pools, garden ornaments, furniture.

Get it right, though, and the gain will be more than the expenditure. Jones says that the area of land acquired should be in proportion to the size of the house, advice with which Peter Start of Savills, operating on the other side of the country in rural Suffolk, agrees.

As a rule of thumb, a former farmhouse in open country should have a minimum of two acres, with probably a paddock or two for horses. The optimum garden size then reduces, depending on the size and nature of the house and its situation - open countryside, hamlet, village street.

Depending upon location, soil-type and whether or not it is registered as arable land and thus qualifies for EU grant aid, farmland varies enormously in price. It can sell for as little as £1,000 an acre or rise to as much as £8,000; not that any farmer is likely to sell at anything like these figures to a householder. They will be fully alive to the potential worth of the land once its farming status has been removed.

If the land hacks on to existing homes, the farmer might see it as having potential for future development. On the other hand, if the land is outside the area designated for development, as set out in the local plan, the farmer might regard selling it as gardens as his best opportunity.

Purchasing chances are also improved if the adjacent field is awkwardly shaped. Modern farm machines need neat, straight boundaries.

And if there are tall, mature trees overhanging the farmer's land at the bottom of the existing garden, they may be even more keen to sell, as shaded crops do not perform well.

When selling farms, Savills approaches neighbouring householders with the offer

of a piece of garden. Not all agents do this, so when any farm comes up for sale it is worth making direct contact with the vendor.

Most farm sales, however, are initiated by the buyer and can be hard to spot. Peter Start suggests a letter is the best method for making contact with the landowner.

It is very much a seller's market - especially when that extra bit of soil will maintain privacy or act as a buffer against the rest of the world.

"If a house is worth half a million and an additional

acre will, say, achieve greater tranquillity, then £50,000 may not be considered too much to pay," said Jones.

"Generally speaking, in the Welsh borders, with a house worth between £50,000 and £80,000, I would expect to pay around £8 a square metre for a small strip of additional land, but that could rise to as much as £20 a square metre."

Start has just bought a tiny 100th of an acre for £2,000 - which would make it worth an incredible £200,000 an acre. But for that £2,000 the outlook and privacy have been immeasurably improved and at least £10,000 has been added to the overall value.

Both agents say the norm is for the buyer to seek the necessary planning consent and to cover that cost, plus surveying and legal fees, and also to pay for the erection of an appropriate boundary fence.

Where a row of houses backs on to the land, it makes sense to organise a neighbourly consortium purchase, as planners and farmers have little sympathy for a single garden extension that intrudes into the surrounding landscape.



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The house has a render finish, beneath a slate roof and offers gas central heating. The side drive leads to a carport and has a turning area. The garage with front and rear doors allows drive through access to rear garden drive. The mature garden, consisting of lawn, established flower beds, orchard, also contains workshops and greenhouse.

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PROPERTY

# Buy - whether you shovel muck or not

Gerald Cadogan warns potential investors in farmland that current tax benefits might not last

**T**hinking of investing in farmland? Then do it soon because time is short. That is the simple message for those with large capital gains from business sales, who are planning farmland purchases.

Potential buyers had a reprieve in the July Budget, when Chancellor Gordon Brown left alone important capital gains tax reliefs for those buying farmland.

But, having announced a review of capital taxation, he may easily reduce, or eliminate, them in his spring 1998 Budget. So invest before March, to anticipate a possible change of climate.

The tax reliefs in buying farmland have become the main force driving land prices upward. Prime arable land now averages £2,597 an acre (up 118.4 per cent since 1992), says Savills Agricultural Research, and average arable land £2,541 an acre (up 108.8 per cent since 1992). Surplus cash has fuelled the market, adds James Laing of Strutt & Parker.

The buyers are both non-farmers and farmers who have suddenly had a windfall from selling land for development or, a new bypass, or as an asset on the stock market as they are in administering fertiliser.

Paying 10 per cent over the odds does not look so silly if there is a tax relief at 40 per cent. But increases in land values have slowed - except in Scotland, where they rose 6.3 per cent in the first half of 1997 - and are probably now on a plateau.

The rise in stamp duty, if a nice little extra for the Treasury, will have little effect on the market. But substantially higher interest rates will inhibit buyers of land - mostly farmers - who have to take out loans.

In the South and Midlands, "demand remains generally resilient", Laing finds. S&P has just agreed the sale of Warren Farm, at Ware in Hertfordshire, with 482 acres, at well above the guide price of £2.75m.

New non-farming buyers do not have to shovel muck to qualify for tax reliefs. It suffices to put the farming out to contract, or even let land under new farm business tenancies (FBTs). Rents now are often double the sums achieved under old-style *tyndal* tenancies.



Ryde Farm in Surrey, with 15 houses and cottages as well as the main house



Once the home of Jethro Tull: the Mount Prosperous estate near Hungerford

Laing recently bought a farm for an industrialist who will retire in five years, when he looks forward to running the farm himself. In the meantime he has let it on an FBT, which suits his timetable and is tax-efficient.

FBT tenants are usually neighbouring farmers, Laing finds, who take out FBTs for three, five or 10 years, and are willing to pay higher rents as they are making maximum use of their machines and labour.

This also explains why farmers have been so eager to buy parcels of land near

their farms, often paying what seem exorbitant prices. But farming has made handsome profits since 1993, when the September 1992 devaluation of the pound translated into higher "green pound" payments under the EU's common agricultural policy. Farmers' overdrafts disappeared in 1994, Laing reckons.

High world prices for cereals were another huge boost, making 1995 (especially) and 1996 bumper years for UK farmers.

Cash in the pocket has let them buy extra land and

new machines, while in the past few years there has been far less diversification into trout ponds and golf courses - although conversion of redundant buildings into offices and light industrial units continues apace.

What is the outlook now for farmers, whether active or passive? Medium term, much depends on what happens to the Common Agricultural Policy and how far EU farm commissioner, Franz Fischler, succeeds in cutting support prices and substituting direct aid.

Short term, the strong

pound and sharply lower product prices have meant less income for many farmers - though that has not had much impact on land values, or will have while the capital tax attractions last. As the reliefs might run out next year, buyers should act now. So should potential sellers - especially farmers about to retire - to secure the best prices.

And farmers who are carrying on can look to maintain their income through satisfying specialist markets, including the big supermarkets with their increasingly elaborate demands.

There is a farm, for example, in Suffolk that grows two crops of potatoes a year. It harvests early potatoes in July, and immediately plants salad potatoes for the Christmas market. Another farm in East Anglia plants swedes and turnips just for the vegetable market in Aberdeen because they are ready a month earlier than in Scotland and therefore secure good prices.

Estates on offer with a substantial house as well as farmland include Broadstone Manor in north Oxfordshire with 1,200 acres (Savills, £7.5m), and Mount Prosperous near Hungerford with 471 acres (Savills, offers over £3.3m).

The latter is an important place of farming history as it was the home of Jethro Tull (1674-1740), who invented the seed drill and the horse hoe. Between Gifford and the M25, Knight Frank is selling Ryde Farm with 1,836 acres, 15 houses and cottages as well as the main house, and an excellent shoot, for offers over £10m - the location carries a premium.

In County Durham, West Newbigin Farm near Darlington has a five-bedroom farmhouse and 356 acres, and is for sale for the first time since the vendor's grandfather bought it as a sitting tenant of Lord Londonderry in 1917. It has a pig unit for 150 sows, 286 acres registered for arable area and payments, and the chance to take an FBT on a further 24 acres at £2,400 a year. Agent Carter Jonas asks for £1.25m.

And in Norfolk, Manor and Wood Farm near Ayle, provide two farmhouses and 878 acres (S&P, £4m), together with a possible FBT on 187 more acres.

## On the Move

# Côte d'Azur estate

Gerald Cadogan on a £20m auction

**A** parcel of land of 1.6 hectares (about 4 acres) counts as an "estate" on the Côte d'Azur. That is hardly the size of a farming estate in the UK, but the term is probably justified when there are three villas and four swimming pools on the property, plus terraced gardens, staff accommodation, a small steam spa, hairdressing salon and dance floor.

Three kilometres from Cannes, the Villa Begatelle and its two subsidiary villas, and their land, come to auction on September 11 in the Tribunal de Grande Instance (civil court) of Grasse, with a published reserve price of FF192m (£19.2m).

The agents auctioning this remarkable real estate are Knight Frank in London (0171-629 8171) and Pieter van Naelwijck in Monaco (00-377-9770 7020).



For auction: Villa Begatelle - four swimming pools



Plenty of panelling: the manor house, Brigstock

## Be prepared

People moving to the UK, or even inside the country, will find the new edition of the Association of Relocation Agents' *ARA Guide to the United Kingdom* (£9.95) most helpful.

As well as a directory of buying and home-search agents that are members of ARA, it offers useful information on the complicated British laws and practices of employment, residence, driving, education, medicine, and much more.

The guide should be available in bookshops. Otherwise, call ARA (01273-624455).

## Price of a stamp

As a result of the stamp duty increases in the July Budget, vendors in Oxford trying to sell houses for £550,000 or a little over, are receiving offers for £249,990, John D Wood notes.

Otherwise, the Budget has had little effect. The

market remains strong, and potential vendors continue to decide not to sell, which reinforces the shortage of property and high prices.

## Country county

Northamptonshire is an underrated county which outsiders tend to see as a Midlands industrial area.

It is in fact deeply rural with 300 villages - and a few towns - and the old jingle that it is a county of "squires, spires and mires" is as true as ever.

The village of Brigstock in the middle of the county offers both a spire (as well as a Saxon round tower) on the church and a manor house fit for a squire, which is now for sale for £685,000 with four acres through

Savills (01780-766222). Needing work but listed grade II\*, the manor goes back to the 13th century and keeps its large medieval hall, as well as a Jacobean staircase, plenty of panelling and 18th and 19th century features.

The garden includes a Victorian rockery, a brook that was once the moat, and a disused swimming pool now containing carp.

For £425,000, the same agent offers another old Northants manor at Polebrook (where the church also has a spire) near the town of Oundle. Manor Farmhouse dates from the 17th century and is said to be the oldest house in the village. Peterborough is 13 miles away, with trains to London taking 45 minutes.

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TRAVEL

# Knit one, pearl two at 'new' Club Med

The days of beads and very basic accommodation are over, and family values are in, says Bill Glenton

The marketing manager's drive was hampered and the efforts of his sales team were well off target. The rest of the employees were struggling to keep their eyes on the ball.

Just as well their initiative was being tested on a golf course, archery butts and tennis courts - not in the sterner realms of commerce. Yet the last place I expected to find company personnel being put through an ability test was of all holiday places, a Club Med village.

If you still accept the old image of this organisation that created worldwide success from its of beads and very basic accommodation, it is a far cry from the reality of today's Club Med villages. It is a treasure of how radically much of the club's activities have changed from the former grass hut and to dole this ambience. The village I stayed at in Opio, in lovely wooded countryside behind the Côte d'Azur of southern France, was as far removed from the early very basic model as a duck from a hen.

Like more than 30 of its 110 centres, this one has four-star hotel-cum-country club amenities. Its several restaurants, lavish health centre, multi-sports facilities, giant pool and show



spectaculars are another world altogether.

In former times, you were lucky to get a couple of wire coat-hangers and matting on a dirt floor. Now the *Gentle Members* (GMs) enjoy comfortable guestrooms with private bath and maid service.

"Conference" had a far different connotation in the past when mainly singles flocked to the villages in search of romance. The only facility they sought was a quiet spot under a palm tree. At Opio, delegates meet in a spacious suite of audio-visual equipped meeting rooms. The big attraction for many companies, however, is that the club's transformation matches the newer style in business get-togethers.

Nowadays they believe the serious business of such things as sales seminars and product launches go down better with some fun and sport. At Opio, it is just a few steps from the conference centre to the tennis courts and golf course. Some companies prefer to make this sweet and sour cocktail more potent by making the sport a test of staff capabilities.

I felt sorry for the scores of employees of an Italian bank I watched being put through a tough initiative course. Hands were used to handling lira notes were blistered as employees abseiled down the hotel tower.

The elderly Frenchman in the poolside deckchair beside me was

not amused. A veteran GM from the grass hut days, he found the presence of conference delegates a disturbing influence. Roughly translated, he protested: "This is not in the true spirit of the club. We members have always felt part of one close-knit family. These delegates do not belong to it."

Then, sadly, he added: "Who knows? Maybe next we shall have to admit Mickey Mouse and Donald the Duck!" His was a reference to the appointment as chairman of the club's management of Philippe Bourguignon

from Euro Disney. The move has raised worries among the 14m GMs, who hold a strong allegiance to the club, that there may be a move to make the villages more like American theme parks. Such worries are unfounded, said Francis di Landro, Opio's *chef de village*.

"It is possible our new chairman will make changes, but carefully, so they do not harm the true character of the club," he said.

What about the changes that have already transformed many villages? He explained: "We have

still older if one discounts the many children who are brought, further emphasising the strong family tradition.

Catering for them has become a big operation, with what are virtually "kiddies villages" within villages. The youngsters have everything from their own *Gentle Organisations* (GOs), babysitters, nurseries, playrooms, swimming pool, eating places, cycles and sports - even their own tennis courts in some villages. As one mum told me happily: "It's the big reason I spend every holiday with the club. It's the only rest from the kids."

She was a single parent. There are so many of them among the GMs today that the club caters specially for them. Their notion of a swinging time is far removed from that of those original GMs, for whom the big lure was plentiful wine and beer that has always been included - along with meals - in the price.

Thousands pour into the villages to learn or improve their golf and tennis. The coaching, from trained GOs, is also part of the all-inclusive deal. So is tuition in a wide range of other activities, which underline the big change in the type of members and their tastes. At Opio, I could have learnt Latin-American dancing, bridge and martial arts or attended something called a multi-media class. One of the more popular spots was the studio where guests were taught silk paintings, jewellery and scent making.

Although it savoured more of the Women's Institute than of

those old grass huts, it was, in fact, the only place in the village where I came across the beads that were so symbolic for so long of Club Med.

Worn as a necklace or bracelet, they served as currency - a practical application when in a semi-nude state and no pockets. Now, inevitably, plastic has taken over at many villages. Opio issues its own credit card for general spending or you can buy books of tickets for use at the bars.

Drink prices, by the way, are fairly high compared with those in much of the UK. There is a captive audience, however, with most members disinclined to venture from the village to nearby towns. The fact that they prefer to spend all - or mostly all - their holiday within the confines is also a measure of how complete Opio's attractions are.

Its many attractively landscaped acres are also spacious enough for holiday makers to avoid conference delegates - or vice versa - if they choose. It was not until I was about to leave that I discovered there was a mini-circus where one could learn to be a trapeze artist or a clown. But no Mickey Mouse - as yet.

With return flights from UK, the all-inclusive cost of a week at Opio starts at just under £1,000 and ranges upwards according to season. At the only seven remaining grass hut villages, rates begin at about £600.

For more details contact: Club Med, 106 Brompton Rd, London, SW3 1JJ. Tel: 0171-581 1161, fax 4769.

## Ship's log: stardate, summertime Burgundy

It is some weeks since the disappearance in France of a delegation from the Regent's Canal Boat Owners' Association. After leaving London charged with investigating holiday conditions along the French canals, they were last seen aboard the barge, *Preville*, in the Ouche Valley in Burgundy. It was initially believed they were victims of foul play.

However, the retrieval of several soggy pages from the *Preville's* log - kept by NICHOLAS WOODSWORTH, delegation record-keeper, and inadvertently rescued by a fisherman from the bottom of the Fouilly lock on the Burgundy Canal - has forced authorities to consider other possibilities.

It is believed the party found conditions on French canals so superior to those in Britain that they absconded with their hired craft in search of further pleasures. They are now being sought on the Loire, the Rhône and the Canal du Midi. Here follows a transcript of those first pages.

**Day 1, Dijon**  
A rather slow day getting away from the boat basin in Dijon. Hardly surprising, considering the self-indulgent send-off the delegation gave itself the night before.

Dijon, as well as boasting a magnificent medieval city centre, can claim some fine regional cooking. Members of the RCOBA delegation (Miss Sally Sharp, secretary; Mr John Aldridge, committee member; Mr Leonardo Marino, boater, Anglo-Italian north London caterer and expedition cook) were presented with a gourmet menu.

Even Marino, who generally looks down his nose at any food from north of Florence, had to admit a grudging, chef's-night-off respect for his dinner - 10 pairs of frogs legs followed by rabbit fillets in a cream and mustard seed sauce.

The main body of the delegation, however, pleaded squeamishness when faced with such unfamiliar cooking. They chose, instead, another local speciality - eggs poached in a red wine sauce. They showed no squeamishness at all, however, when it came to wine. Several bottles of burgundy later, they were well sauced, even without the eggs.

It is a good thing they found the *Preville* fitted with sturdy guard rails from stem to stern. It

is a good thing, given their state, that they found the boat at all.

**Day 2, Les Plombières**  
With heads thicker than usual, the new crew of the *Preville* completed their first day's run happy in the knowledge that they are canal-cruising and not yachting far out at sea, where some skill in boat-handling might be helpful. This, the delegation admits, is the great advantage of a canal trip - while a little knowledge may indeed be useful, you do not really have to know anything about boating.

And here in France, the delegation discovers numerous other advantages to canal cruising. There may well be 2,000 miles of navigable inland waterway in Britain, but they tend to be 2,000 miles of rather grubby waterway - plastic bottles, shopping carts and old television sets are just some of the objects that grace the banks of English canals.

Yet cruising out of Dijon we spied not a single sweet wrapper, and are now tied up for the night just above Les Plombières, a lock that might be awarded a prize at a flower show. There are blooms in abundance everywhere. French locks, admittedly, are over-dependent on embellishment by garden gnomes. But after the gas-yards and graffiti-sprayed factory walls of canal-side Britain,



We saved our strength on the locks to lift bottles of Burgundy: canal de Bourgogne near Vandenesse

the delegates declare them a delight.

**Day 3, La Bussière**  
Also a delight are the lock-keepers themselves. With 25 locks dealt with since breakfast, today was the first real day's solid cruising. In Britain, we would be exhausted, our backs aching and our hands raw from pushing open lock gates and winding up heavy lock paddles.

Because in Britain, the locks are unmanned. Here they are manned or, more commonly, womaned. No sooner does a boat appear round the corner than a jolly, solidly built fishwife emerges from the front door of her lockhouse to begin operations.

The delegation fully approved of this, although they still hopped ashore to help. With 189

locks on the Burgundy Canal's 242km length they need to conserve their strength. The effort needed to lift bottles of burgundy and large servings of Leonardo's

**'I fear a growing romantic connection as we cruise quietly along'**

*spaghetti alla puttanesca* at the end of the day demand it.

Trailing behind on winy fumes, I followed the delegation on a stroll round La Bussière after dinner. Here we found ancient stone houses and meticulously

kept canal-side gardens, as well as a glorious 12th century Cistercian abbey.

**Day 4, Vandenesse**  
Leonardo and I negotiated many of today's 17 locks, the delegation proper taking advantage of the two bicycles on the *Preville's* roof to sneak off down the towpath together. I fear a growing romantic connection, the kind a voyage aloft usually brings when committee secretaries are involved. They tell me they were merely visiting sites of interest.

There are many things to do in the rolling patchwork of wheat-fields and woods and pastures that lie beyond the poplar-lined towpath. Today we climbed a high hill overlooking the canal to Chateauvaut, an 11th century fortress complete with banners and battlements. Later, down a road

bright with poppies on both sides, we swam in the Reservoir de Fautier, one of the blue lakes that feeds the canal. Even the towpath itself is a site of entertainment. Tonight, after a meal of *linguine* of pesto, Leonardo and I beat the committee hands down at a round of that exacting French game, boules.

**Day 5, Pouilly**  
After a harrowing morning, in which we traversed the pitch-black, 3km-long Pouilly Tunnel, we are now at the top of the Burgundy Canal - this is also the Continental Divide and the highest point on the entire European canal system.

The delegation seems to think it appropriate to stop and celebrate our achievement with another blow-out meal, so we moor the *Preville* against a quiet,

grassy bank. Leonardo is in the galley opening tins of tomato paste, the delegation descends to a cabin below-decks, purportedly to "compare notes", while I lie out in the sun and gaze at the French countryside.

We all feel lazy and contented. None of us, in fact, really feels inclined to turn around and head back to Dijon as planned. London and the report to the assembly of the Regent's Canal Boat Owners' Association in some dim and smelly pnh seems even further away. I wonder, at lunch, if we might not suggest to each other just one more day...

■ Nicholas Woodsworth's cruise aboard the *Preville* was arranged by Andrew Brock Travel, European canal holiday specialists, 54 High Street East, Uppingham, Rutland LE15 9PZ. Tel: 01572-821330.

## A tale of Viking men behaving well

Christopher McCooey enjoys the ever-shifting landscape of North Jutland

I was walking before breakfast near the ford in Aalborg, Denmark's fourth largest city, when two tethered camels, munching purposefully, caught my eye.

Even after a heavy evening on the local fire water, akavvit, it took some believing. In fact, the beasts belonged to a travelling circus, popular with Danes during the summer.

Later that same day, across the ford, on a rise overlooking the city, I thought about camels again. In the museum next to the largest Viking burial ground in Scandinavia was a map showing the extent of their travels.

The sea warriors had wandered as far east as the Volga, west to Newfoundland and south to the Mediterranean and the Arab emirates of North Africa. Perhaps, through the haze of their meat-induced hang-

overs, they had seen camels too. The Lündholm Høje burial site has more than 700 graves and was used from about AD 500 for 500 years. Although it was known that there had been Viking settlements in the area (it was a natural site for settlement at the narrowest point of the ford), the graveyard was not discovered, or rather uncovered, until comparatively recently.

In 1896, Augusta Zangenberg, an amateur archaeologist, was using a steel rod to probe the sand. What she found were stones arranged in ship shapes and circles, within which cremations and burials had taken

place. The site was secured for posterity by a wealthy landowner at the beginning of the century, but there was no money for excavations until after the second world war.

About four metres of sand was removed from the whole site during the 1950s. Aalborg Portland, the local cement works, paid for a new museum to exhibit some of the site's many artefacts, including several Arab silver coins. Reconstructions and paintings bring the Viking period alive.

A number of combs are on display and an English chronicle tells how English women appre-

ciated Nordic men because they combed their hair every day, washed every Saturday and changed clothes often. So it was not an unrelenting tale of men behaving badly 1,000 years ago.

Shifting sand continues to affect much of North Jutland. Denmark's flat and windswept northern coastline has superb and safe sandy beaches and dunes for miles after miles. It is popular with holiday makers who come every summer to bathe, fish, cycle, camp and hike.

In an effort to stabilise the dunes, large areas on the North

Sea side have been planted with grasses, pine and spruce. The beaches are some of the cleanest in Europe, blessedly free of plastic detritus. I searched in vain for a piece of northern gold - amber. Immediately after a storm is the best time.

Sometimes the sand cannot be restrained. The Rahjerg Mile dune, just south of Skagen, contains its inexorable march driven by the wind and moving some 50ft a year. More than a square mile in area and 100ft high, the dune started out on the Skagerrak side of the spit 300 years ago. Eventually it will dissipate in the Kattegat.

It was a group of painters - not just Danish, but from all over Europe, including Englishman Adrian Stokes who founded an artists' colony in Skagen, Cornwall - who put Skagen on the map. Between 1870 and 1930 they lived and painted here, attracted as much by the extraordinary light reflected off the sand and sea as by the simple, honest, stubborn fisher folk who feature in many of their striking paintings.

For the fishermen, it was a hard life putting to sea in pursuit of the herring. In spite of being on the more sheltered side, away from the North Sea, boats

heading to or from the Baltic often foundered off shore.

Local Skagen people would do their best to save life. One rescue went tragically wrong when the eight-man crew of a lifeboat from Skagen put to sea in a storm when the Swedish brig *Daphne* got into trouble. The rescue boat capsized and all were drowned.

The memorial to these brave men can be seen today - an honourable reminder of mortality in a hauntingly beautiful, ever-shifting landscape.

■ Christopher McCooey was a guest of the Danish Tourist Board. Tel: 0171-255 3858, fax 5955. Internet http://www.DTB.dk. He flew to Denmark with Maersk Air (0171-333-0055, fax 0058). Maersk has fares to Aalborg via Billund out of Gatwick by Boeing 737 from £170 return. There are 11 flights a week.



## SPORT

## Sporting Profile

# The man in the wheelchair knows how to kick

Todd Shapera meets Doug Blevins, living his dream of being American football's first handicapped coach

In Fort Lauderdale's withering August heat, Doug Blevins directs his electric wheelchair on to the Miami Dolphins' practice field. He glides past beefy linemen who grunt as their pads clash like plastic cymbals during a drill. Then he manoeuvres behind a group of acrobatic receivers, who in turn leap to grab precise arching passes thrown by Dan Marino, the team's legendary quarterback.

Blevins moves near the centre of an adjacent field where he begins to preside over a practice session for two kickers, Joe Nedney and Olindo Mare, who are vying to become the Dolphins' kicking specialists this season.

It is easy to see that the Dolphins' players and coaching staff have assimilated Blevins and his roving wheelchair into the landscape of their practice field. Many confide that his rise to become a kicking coach for the Miami Dolphins, especially under the command of tough,

fighting for his job after an erratic season last year. The 6ft 4in Nedney, who possesses a booming leg, converted only 62 per cent of his field goal attempts. That rate paled next to the 90 per cent success of leading NFL kickers.

Recalling his first meeting with Blevins in June, Nedney says he "was amazed by his knowledge. The first thing he told me was to relax."

To help Nedney relax, Blevins studied film of the kicker "til my eyes nearly bled". Then, rather than applying a cookie-cutter approach, he devised a plan for simplifying Nedney's style from head to toe.

Nedney was hooking the ball to his right, Blevins observed, because he took too many steps, too fast, and then booted the ball too hard. Blevins explains: "Joe's first step with his left foot was too small, leaving him to rush and lunge on his last step."

"In overcompensating, it left his upper body behind the ball, instead of above it, and his shoulders turned instead of lining up facing the target."

By reducing Nedney's three-step approach to two steps, it allowed him to set up closer to the ball and have more time for what Nedney now feels is a "controlled, smooth, fluid swing". The hook is gone, the kicks are straight and Blevins believes that Nedney is "hitting the ball better than he ever has in his life".

Possessing unabashed passion for his craft, coach Blevins can turn a brief after-practice interview into a protracted and engaging discourse on kicking. At one point, he even asks a reporter to lift his shoe on to his knee so he can trace the hard-boned sweet spot on the top and side of the foot.

By necessity he is a perfectionist, since the momentum of games and, often, their outcome can turn on whether a kicker can execute with precision a task that may last only 1.3 seconds. With stopwatch in hand, Blevins is continually wheeling round his players, watching them from different angles.

On one recent afternoon, following three missed kicks, the coach and his kickers disappeared into the team's film room to view their mistakes, then re-emerged to try again. Although he believes that place-kicking is the most "mental" position in the game, he asserts that confidence to deliver under pressure requires players to have confidence in their technique.

**'I have no pity or sympathy. I want our guys to take their heads off,' says Blevins**

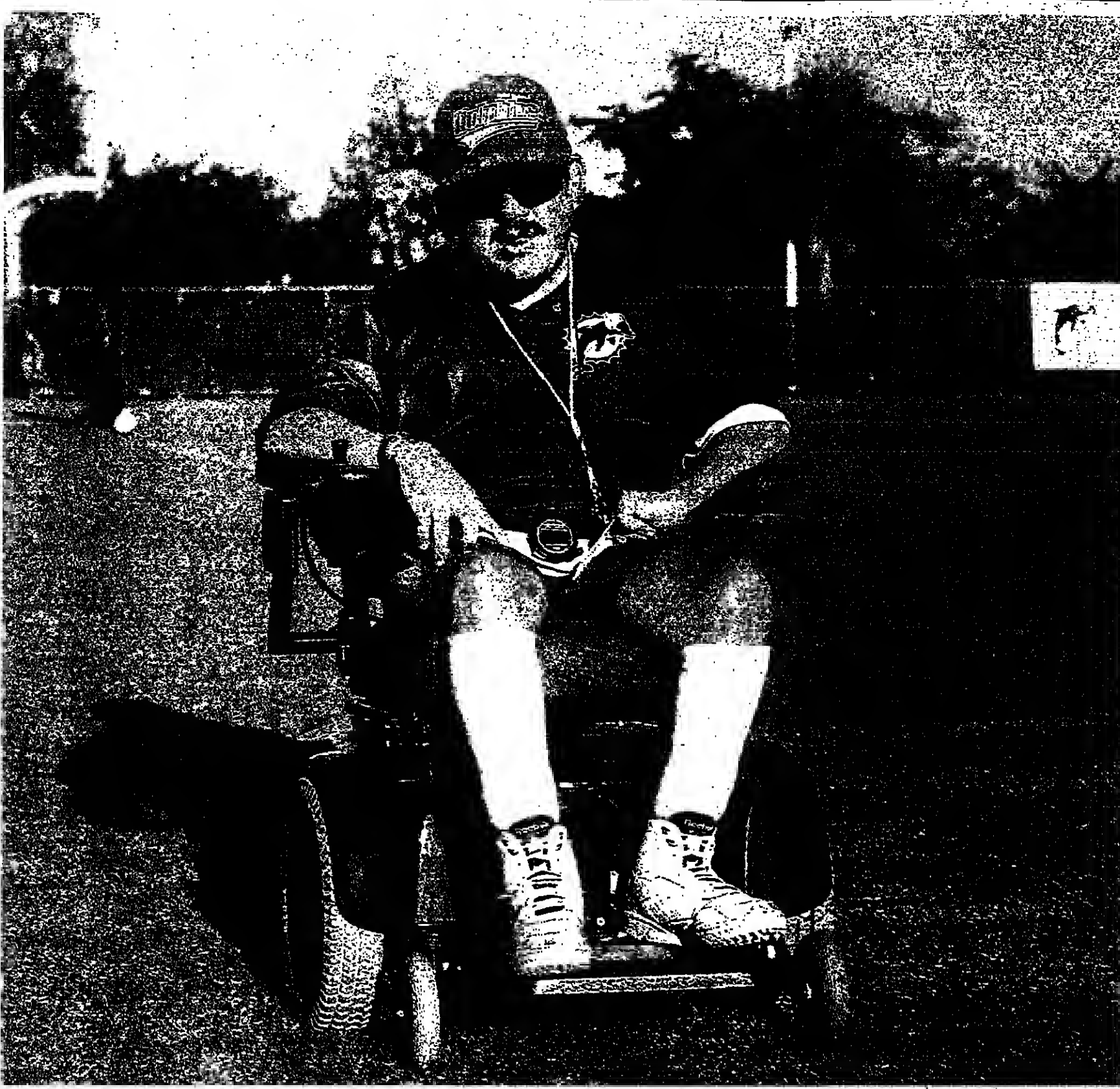
no-nonsense field general Jimmy Johnson, is a heart-warming and inspiring story.

Remarkably, Blevins has become a respected kicking guru in the National Football League, even though he has never walked a day in his life, let alone kicked a football. He was born with cerebral palsy.

But that did not deter Johnson, whose own impressive stripes include having coached the Dallas Cowboys to two Super Bowl trophies, from hiring him as kicking coach in June. Johnson says he hired 33-year-old Blevins because "he not only knows the mechanics of kicking, but he is able to talk to the kickers one-on-one on the sidelines during the game".

The Dolphins' intense special teams coach, Mike Westoff, also admires Blevins' "positive and reinforcing" style. "If I were a kicker, I would want a coach who talked to me the way he does," Westoff says.

The sentiment is echoed by Joe Nedney, the Dolphins' incumbent kicker, who is



Doug Blevins: a respected kicking guru in the National Football League, even though he has never walked a day in his life, let alone kicked a football

Picture: Todd Shapera



Blevins is already a familiar part of the Miami Dolphins' set-up

Like millions of young boys in the US, Blevins grew up dreaming of one day starring in the National Football League, although he always saw himself as a coach roving the sidelines.

Unlike most kids, he pursued his goal with single-minded passion, battling along the way against discouragement from both the well-meaning and the mean-spirited. His father, Willis, fell somewhere between these groups.

Even so, Blevins' drew on his own inner conviction and the support of his mother, Linda, a nurse. "She threw me to the wolves and let me do things that were normal," he says.

This meant that by the age of 10, his protected childhood, with home education, had ended and he was attending normal schools. More adjustment came after his parents' marriage dissolved when he was 12.

At school, even as the shy

newcomer was forced to cope with the ingrained prejudices of the Appalachian town of Abingdon, Virginia, no amount of taunting could deter him from manoeuvring on to the football sidelines.

Although Abingdon's team was a powerhouse, its kicking game was lousy and neglected. Seeing opportunity, the intrepid Blevins wrote to Ben Agajanian, the kicking coach of the Dallas Cowboys, a team he

"worshipped". Agajanian not only replied, he sent lots of material.

"It was fascinating. I could really see why our guys were missing field goals," Blevins recalls. "From then on I kept studying, watching kickers, slowly learning and applying what I learned."

Blevins took his growing mastery into a student scholarship as an assistant coach at the University of Tennessee. There he met Nenita, from the Philippines, who later became his wife.

Now, 15 years on, Blevins brings solid experience to Miami. After coaching in the college ranks, he has worked for the National Football League's New York Jets and the New England Patriots. Since 1985 he has also been kicking co-ordinator for the World League in Europe, overseeing the development of such players as Clive Allen of the London Monarchs, Barcelona Dragons' kicker Jesus Angoy, and Silvio Delaberto of the Amsterdam Admirals.

Coaching the Europeans was challenging, he says, because kicking in the NFL "requires entirely different mechanics".

On the Dolphins' sidelines, Blevins says he is enthralled by the violence of the game and gets pumped up when players in his team land crushing tackles. "I have no pity or sympathy. I want our guys to take their heads off," he says.

He also has no qualms about responding to questions about his health. He describes his cerebral palsy as "a slight case". It affects his balance, he can't walk, and his left hand is squeezed into a ball. He adds that, while many people with cerebral palsy are "spastic", he drives a car, has clear speech, and is due to be a father in March. He has no other health complications and believes his life expectancy is unaffected.

Already his fan mail is growing. Last month, he responded to a boy who suffers from more debilitating cerebral palsy. The boy was in such disbelief over the telephone call from his idol that he spent much of the conversation quizzing the coach about the details of his life to reassure himself that the caller really was Blevins and not an impersonator.

Jimmy Johnson is sure he is for real: "Our guys know I don't do anything for window dressing."

Indeed, Doug Blevins is living his dream of becoming the "first handicapped coach in the history of the NFL". He chooses the term "handicapped" because, to him, "disabled suggests that you can't do it, whereas handicapped means you can do it, but you might have a slight problem". On this point, perhaps not even politically correct grammarians would quibble with this coach's call.

## Equestrian Sports

## Pulled back from the brink

Keith Wheatley on how European expansionism is giving Britain's show-jumping scene a lift

Goodwood racecourse invariably carries the sobriquet "Glorious", so perhaps the nearby showjumping centre should be "Heavenly" Hickstead.

This weekend sees the Hickstead Derby return to the showground in all its sprawling magnificence and quirky individuality.

Yet, just three months ago, long-term sponsor Silk Cut withdrew its cash and it looked as if the show was over.

Douglas Bunn, owner, creator and operator of this unique facility, was unable to come up with alternative funding and was ready to close the gates. Staff, including Bunn's children, Lizzie and Edward, were preparing to mothball the 75-acre showground for the entire season.

Hickstead is to showjumping what Glyndebourne is to opera - a rural eccentricity that somehow works. At least it has for nearly 40 years. Bunn, invariably known as the Master of Hickstead, built the course in 1960 on the family estate north of Brighton, because he has a passion for horses and showjumping.

A barrister by training, Bunn, 69, earns most of his income from a holiday camp business based at nearby Selsey.

"My accountant told me I couldn't play John Paul Getty to the whole abutting match after the sponsors pulled out," says Bunn, a forceful, quixotic man who is magnanimous enough to continue smoking Silk Cut cigarettes.

"We needed to find another £200,000 a year."

"It costs around £1m a year to keep Hickstead running for three events and we lost half of that when two sponsors dropped out rather suddenly," says son and business manager, Edward Bunn.

"My father has always subsidised the shows to an extent because he sees it as a hobby and a passion," he adds. "But there is a big difference between what he has been putting in and the missing £500,000."

The Sports Council made a provisional offer of £100,000 in support but Douglas Bunn views the figure as somewhere between inadequate and insulting.

The Labour government's deci-

sion to outlaw tobacco sponsorship has infuriated him. Lighting up his third or fourth cigarette of our interview, he scoffs: "All these do-gooders get hysterical at the sight of an 18-year-old puffing on a cigarette. As a parent, if you bring up a child and the worst thing they do is enjoy a fag and a glass of wine, then you haven't done badly."

Although Abingdon's team was a powerhouse, its kicking game was lousy and neglected. Seeing opportunity, the intrepid Blevins wrote to Ben Agajanian, the kicking coach of the Dallas Cowboys, a team he

considering the £427m of public money that's gone into sport in the past two years. Perhaps they don't like the fact that it's privately owned.

"To build another Hickstead would cost £15m-£20m and we operate it for just 10 days a year. People say I'm a lunatic - which I am. But it's my great love."

What saved Hickstead between the founder and German show-jumping legend Paul Schockemöhle.

The tripla European champion has become a highly successful show organiser and horse-breeder since he retired in 1989 from competing on his star horse Delster.

"When he heard we were closing down, Paul rang me to ask what was going on," explains Bunn.

"As well as being a tycoon in the horse world, he's one of my oldest friends. I jumped on a flight and that night we were having dinner and making a rescue plan."

Schockemöhle loves Hickstead. He has competed at the Sussex venue more than 40 times. "I have a few ribbons from here,"

he says with a grin. With groomed grey hair and checked sports jacket, he looks every inch the international businessman.

We talked, bested Hickstead's Ring Four where Schockemöhle's Korean protégé and pupil, Bong-Gak Sohn, was about to compete.

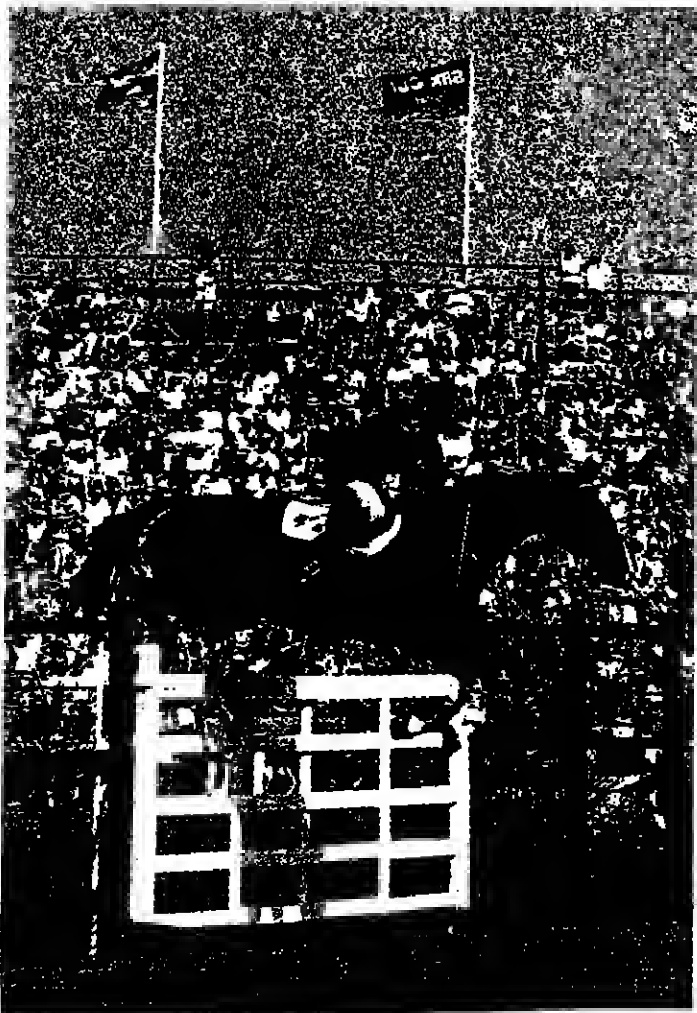
"Douglas was so worried. He wanted to cut the prize money to help Hickstead survive. I said, 'No, let's go forward, so we doubled it,'" laughs Schockemöhle, who expects to lose money for the next three years before breaking even in 2000.

"Douglas and I have no contract, just a 10-minute talk, then a handshake."

Schockemöhle's standard philosophy is to bring a mosaic of sponsors to each event. At the dozen or so leading competitions he runs in Germany, it is normal to have 30 or 40 companies providing support and prize money.

His long-term plan is to transfer that structure to Hickstead's three large annual events, ensuring continuity at the showground and bringing a taste of affluent European expansionism to Britain's somewhat tired showjumping scene.

He has competed at the Sussex venue more than 40 times. "I have a few ribbons from here,"



Kilbaha, ridden by Captain John Ledingham, at Hickstead last year

Alpant

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# Weekend Investor

Wall Street

## Fear spoils the bulls' 15-year party

Sellers put a crimp in the Dow's heady progress, reports John Authers

America has spent the week celebrating anniversaries. Down in Memphis, Tennessee, the faithful have gathered to mark the 20th anniversary of Elvis Presley's death. His estate now employs 500.

In Wall Street, traders are celebrating the 15th anniversary of another great money-making machine, the Bull Market, which has transformed New York, many of its businesses, and the financial expectations of a generation of Americans.

There is, however, one significant difference between the two anniversaries. The faithful still refuse to let Elvis rest in peace - but Wall Street "celebrates", most uncharacteristically, by bidding stocks down.

While this does not necessarily signal the demise of 15 years of booming stock prices, it does force market watchers to look at this particular anniversary with a little more rationality than you will see in Memphis.

The Dow Jones Industrial Average reached an all-time high of 8,254.89 in the last week of July. This put it up 28 per cent for the year and 962.5 per cent since the bull market started in 1982, when it stood at only 776.92.

It had dipped as low as 7928.32 by Wednesday, and was off more than 100 points at one stage yesterday morning, slipping further and further below the 8,000 mark.

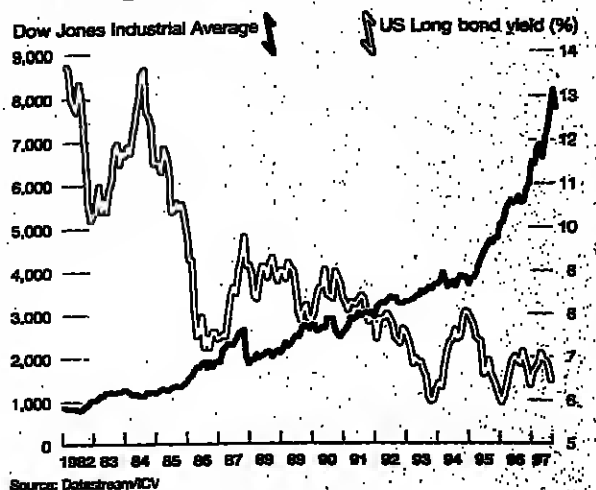
High-tech stocks, crucial in sustaining the market's record pace for at least the past couple of years, have also logged a dip from their highs, although they did not change direction until the end of last week.

The Nasdaq composite - the broadest measure of the big technology stocks, including such powerhouses as Microsoft, Intel and Cisco Systems - dipped from 1630.44 to 1576.24.

The bull market, of course, has put up with several interruptions to its heady progress, most notably on Black Monday in October 1987 when the Dow lost more than 30 per cent in a day (while still staying above the level at which it had started the year).

But the dip of the past two weeks is causing genuine disquiet because there is

### The long march



nothing, at least from the fundamentals, to explain it. There have been no nasty shocks from the corporate arena, where the quarterly reporting season is now winding down with only the big retailers left to come.

The bond market continues to be generally benign, too. The yield on the benchmark 30-year treasury dipped below 6.3 per cent at the end of last month and has since given up some ground, but yields have been falling this week as equities have fallen.

The economic weather also remains set fair. Chairman Alan Greenspan and the Federal Reserve's much feared open markets committee have a meeting next week, but nobody expects them to raise interest rates.

Economic data suggests that inflation remains resolutely in check, with the nation still apparently growing without putting upward pressure on prices, although several analysts still believe there will be one more rate rise this year. But this is priced into the market already, and nobody is predicting a serious recession.

Currency pressures could also be an issue, with some traders worried about the falling value of the dollar. Why, then, are people selling shares? Nerves and jitters are palpable, but the best answer anyone can muster is that they are afraid, as Roosevelt might have put it, of fear itself.

As Bruce Steinberg, of Merrill Lynch, noted on Wednesday: "A lot of fear has been entered into the equation."

A more elegant alternative is the "steepness theory" advanced by Abby Cohen, of Goldman Sachs. She has depicted the equity market of the past few years as a series of steps, with periods of strong growth lasting for a few months followed by periods of heavy volatility as it became accustomed to the new trading level.

The market moved sideways last summer, and again in early spring this year, dropping by almost 10 per cent on both occasions. In the long run, as the graph shows, these had a minimal impact on the long term trend, and the Dow.

A look at the long-term trends shows, however, that the bull run is underpinned by some strong economic fundamentals. Most important is the interaction between equities and bonds.

In 1982, the benchmark 30-year treasury was yielding almost 14 per cent. With such easy money as an alternative, it was impossible for stocks to compete. Over the past 15 years, that yield has halved. The world for equity investors is changed - changed utterly.

There might be doubts about the bulls' pace. But while the environment of the late 1990s continues, with low interest rates and low inflation, they will not let the bears take their place.

**Dow Jones Ind Average**  
Monday 8062.11 - 30.09  
Tuesday 7980.84 - 101.27  
Wednesday 7928.32 - 32.52  
Thursday 7942.03 + 13.71  
Friday

London

## Sprinter tears a hamstring

Philip Coggan sees Footsie's frantic rush falter

August is the silly season for newspapers. Hence, the media's concentration this week on the 20th anniversary of Elvis's death and the surprising relationship (I may be confused here) between Princess Diana and a band member from Dave Dee, Dody, Beaky, Mick and Titch.

It is not supposed to be an exciting month for the stock market. The senior fund managers and traders head off to the sun, leaving strict instructions to their juniors not to do anything too drastic. By now, though, lots of them must be choking over their pina colodas.

Last week, the FTSE 100 index had a burst of euphoria which saw it sprint 190 points ahead in three sessions. This week, the mood changed just as quickly, with Footsie on Thursday slipping sheepishly below the 5,000 level it had passed so triumphantly the week

before. And, yesterday, a modest setback turned into a rout, with the biggest points fall since 1987.

The volatility of Wall Street - which followed a 156-point decline on August 8 with a 101-point drop on August 12 and an early 100 point-plus fall yesterday - played its part in the change of mood. Throw in the continuing Asian currency turmoil plus the adverse reaction of European markets to fears of a rise in German interest rates, and the ensuing cocktail proved unpalatable to investors.

The rapid rise in the UK stock market can be seen only as part of a global phenomenon in which low interest rates and inflation are prompting investors in much of the world to move into equities. Indeed, the UK rally, impressive as it may seem to domestic investors, has been overshadowed by those in other markets - in local currency terms, at

least. By Thursday night, Footsie had gained 85 per cent since the start of 1996, compared with a 50 per cent gain in the Standard & Poor's 500 and a 73 per cent rise in continental European markets.

Some of the factors cited by bullish analysts - interest rate increases, the effect of sterling's rise on exporters, the abolition of the dividend tax credit - may be responsible for the UK market's underperformance. From the bull's point of view, of course, Footsie has scope to catch up with the rest of the world.

That belief has provoked Ian Williams, the strategist at Panmure Gordon, to increase his year-end Footsie forecast from 5,000 to 5,250 (and his 1998 forecast from 5,400 to 6,000). Williams started the year with a forecast of 4,500 for December 1997.

For those kind of forecasts to be realised, the UK needs



Elvis impersonator and fan in a week of strange relationships

to avoid the kind of boom-and-bust cycles that have forced market sabbaths in the past. The recent run-up in consumer spending needs to stop short of an inflationary boom, and the sluggish growth of manufacturing output needs to stop short of a recessionary bust.

The week's economic statistics presented a mixed picture. There was a faster than expected 50,000 fall in unemployment, taking the government's jobless measure to a 17-year low.

While those figures indicated rapid economic growth, they were accompanied by an unchanged average earnings growth rate of 4.25 per cent, suggesting tighter labour market was not leading to upward pressure on wage rates.

Retail price figures, meanwhile, were higher than expected on both the headline and the underlying measures (the latter excludes mortgage interest payments), at 3.3 and 3 per cent respectively.

But the Budget tax increases were the main reason for this poor performance, and the Bank of England's RPI-X measure, which excludes both tax and mortgage payments, rose at only 2.2 per cent year-on-year.

The Bank's inflation report repeated the belief, spelt out at the time of last week's interest rate rise, that monetary policy was on course to meet the government's inflation target. But the report did remind investors that interest rates have paused, rather than neces-

sarily reached the peak for the cycle. Nevertheless, the Bank's statement means that some of the pressure has been removed from exporters by the decline in sterling which, at DM2.926, is 13 pence below its early August peak.

That helps to explain why the FTSE 250 and the SmallCap indices, left in the shadows for much of the year, have started to outperform. The 250 index gained 48 points on the week, or 1 per cent, while the SmallCap rose 34 points (1.2 per cent).

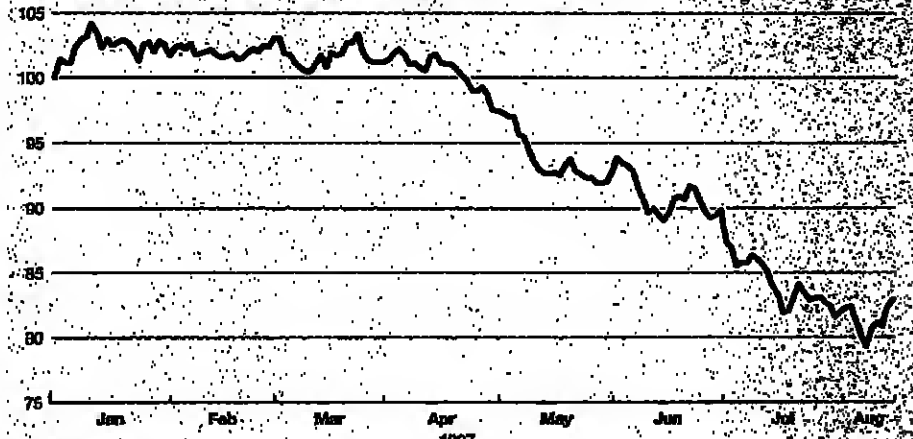
At the same time, some of the market's previous favourites have taken a beating with HSBC, for example, shedding 167p yesterday in response to Hong Kong currency worries and a sell-off in pharmaceuticals sector.

Rotation from overvalued to under-valued sectors is one of the classic patterns observed in bull markets. But Mark Brown, head of strategy and economics at A&N-Amro Hoare Govett, warns that it may not happen this time. "Superficially comforting is the fact that the prospective ratings appear to be pricing in a lot of the bad news, judging by the similarity with their levels back in autumn 1990 on the eve of recession," he says.

"Like then, however, prospective earnings estimates were overly sanguine and, as downturns ensued, the sector endured further underperformance. We expect a similar pattern now."

### A revival for small companies?

SmallCap excluding investment trust relative to the FTSE 100 index



### Highlights of the week

|                       | Price    | Change   | 52 week  | 52 week  |
|-----------------------|----------|----------|----------|----------|
|                       |          |          | High     | Low      |
| FTSE 100 index        | 4958.5   | -160     | 6080.8   | 4556.6   |
| Allied Domecq         | 477 1/2  | +23      | 462      | 407 1/2  |
| Bloomin' Hot          | 1045     | -72 1/2  | 1432 1/2 | 390      |
| Brit. Biotech         | 183 1/2  | +28      | 285      | 142 1/2  |
| BT                    | 277 1/2  | +26 1/2  | 443 1/2  | 225 1/2  |
| Chiroscience          | 277 1/2  | +26 1/2  | 443 1/2  | 225 1/2  |
| De La Rue             | 397      | -35 1/2  | 673 1/2  | 323      |
| GKN                   | 1285     | +38 1/2  | 1286 1/2 | 907      |
| Hanson                | 309      | -21      | 394 1/2  | 242 1/2  |
| Independent Insurance | 97 1/2   | +80      | 985      | 520      |
| Palco                 | 376 1/2  | +92 1/2  | 512 1/2  | 278      |
| Royal Bank Scotland   | 602      | -27 1/2  | 686      | 464      |
| Unilever              | 1782 1/2 | -137 1/2 | 1925 1/2 | 1265 1/2 |
| Unit. News & Media    | 703 1/2  | +31      | 798      | 655 1/2  |
| Vickers               | 220 1/2  | +21 1/2  | 300 1/2  | 189 1/2  |

Tony Jackson

## Cold feet in high places?

Risk could be in danger of becoming a dirty word



What has happened to the UK acquisition boom? Back in 1995, it seemed that the high days of the late 1980s were back. The total value of deals was a record £33bn, up four-fold from the year before. Then, in 1996, the figure fell to £30bn. So far this year, it is down a further 17 per cent.

Even the 1995 figure was not a record in real terms. In making comparisons with the 1990s, we should allow for the rise in share prices. Deflated by the All-Share Index, 1995 was down a fifth from the 1988 peak. The 1996 figure was down a fifth again.

This is slightly perplexing. Some of the factors driving the acquisition cycle are purely financial: the cost of money, relative share prices and so forth. But some involve management fundamentals. On those grounds, acquisitions should be back at the top of the agenda.

The US example is instructive. Over a period from the early 1990s, US companies concentrated on cost-cutting and restructuring. By the mid 1990s, that was producing diminishing returns. The emphasis swung back to growth in revenues.

That involves a snag. In recent years, most companies have come to accept that price rises are a thing of the past. At the same time, competitive pressures make it tough to win new volume. Acquisitions are thus one of the few ways to raise revenues in a hurry.

On top of this come regulatory changes, which have driven US

telecoms and electrical utilities into a frenzy of combination. At the same time, transaction costs are falling steeply as a result of information technology. In industries such as banking, transaction costs are the main source of revenue. So, like US defence companies faced with cuts in the defence budget, US banks have had to amalgamate to survive.

It is thus not surprising that

**'Executives talked of the need to make big investments. But many were too timid to take the plunge'**

the US acquisition boom has continued. As in the UK, the total of deals in real terms has not equalled the bubble years of the late 1980s. But, since a low point in 1992, the value of deals has risen faster than the market each year, 1997 included.

Why is the UK different? A senior London-based management consultant complained to me recently about the mood in British boardrooms. On the one hand, he said, executives talked of the need to make big investments, acquisitions included. But many were too timid to take the plunge.

He attributed this directly to the experience of the past decade. British companies, too, have been concentrating on efficiency and retrenchment. This, he argued, has bred a generation of managers whose experience has taught them to be risk-averse and conservative.

They know it is time to expand again, but they lack the nerve. Granted, management consultants are not disinterested here, any more than investment bankers are. But there are other powerful forces dissuading managers from sticking their necks out.

Leave aside the fact that the Labour government's policy on mergers is shrouded in ambiguity. More important,

there is a body of investment opinion which says that acquisitions, from the viewpoint of the acquirer's shareholders, are a bad thing until proved otherwise.

In fact, this is not new. The argument that most takeovers fail in their object is now so familiar that even Tony Blair, the prime minister, referred to it in a speech earlier this year. More recent is the focus by both investors and managers on economic value added, or EVA. Applied to acquisitions, EVA has the effect of raising the standard of proof. In the old days, most companies could get away with the formulaic promise that earnings per share would not be diluted in year one. Now, the market is more aware of the scope for manipulating the earnings figure, and prefers to do its own sums on the starker question of whether the deal adds or destroys value.

in a wider sense, managers have been browbeaten into the belief that, when it comes to valuation, the market knows best. The logical inference is that paying a premium to market value - particularly in a hostile bid - is throwing money away. Hence the recent prevalence of agreed takeovers and the curious insistence on calling them mergers, even when they are patently nothing of the sort.

If British managers really have become risk-averse, the results could be damaging in other ways. The specialist publication *Acquisitions* Monthly lists 145 acquisitions by UK companies in the US in 1996, broken down by industry sector.

By far the most popular single area is engineering, followed by chemicals. The whole high-growth, high-risk field of communications, information technology and media - in which the US has a decisive lead over the rest of the world - is scarcely represented.

Thus, there were four purchases in computer hardware, three in software and four in media. In telecoms, there was just one. BT's much-vaunted acquisition of MCI.

Harold Gessen, who built up ITT through acquisition a generation ago, remarks in a recent book that, to succeed in business, you must embrace risk. The trick is to distinguish between smart risks and dumb ones. It would be a pity if, in avoiding the latter, British managers missed the former as well.

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WEEKEND INVESTOR

In the Pink

# Why industry is the Bank's innocent victim

Raising unemployment is the instrument used to resist inflation, but it is blunt, says Brian Reading

Brian Reading is a director of Lombard Street Research

In spite of the Bank of England's debt holding of the latest interest rate rise, UK industry continues to be clobbered by an over-strong pound. Economists have been arguing about how many manufacturing jobs will be lost. This misses one point but hits another.

when unemployment was 2 per cent. During the 1980s, NAIRU crept up to 3 per cent, and it climbed to 5 per cent in the 1970s. But then, during the deep recession in the early 1980s, it rocketed.

Ten years ago, it was not safe to run the UK economy with less than 11 per cent jobs. Thus, in the past decade, the performance of the British economy has so improved that it can operate without overheating at an unemployment rate little more than half what it was in 1987.

Any evidence that inflation is accelerating is limited or non-existent. The headline retail price index rose to 3.3 per cent in July and RPIX, the UK government's chosen measure, rose to 3.0 per cent.

The Bank of England was bound to raise interest rates, no matter what the consequences for sterling and industry. The sad outcome is that needless damage is being done to the economy

resist inflation is a blunt instrument. Moreover, it can, as the early 1980s recession shows, cause considerable damage. The long-term unemployed become unemployable. Idle plant and machinery are scrapped, companies fail, and investment in new capital dwindles. NAIRU rises in recessions.

The point hit was that losing manufacturing jobs does more long-term damage than jobs lost elsewhere. Moreover, industry is an innocent victim. Since the pound was ejected from the European exchange rate mechanism (ERM), product prices have risen by 1.7 per cent a year, contributing only 0.5 per cent to the 3.3 per cent rise in the retail price index.

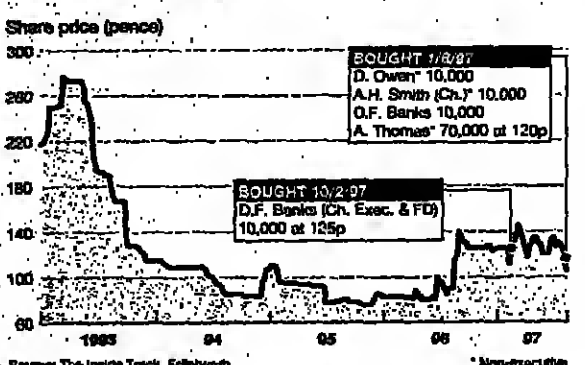
Prices of audio-visual equipment, telephones, clothing and footwear have fallen. Prices either determined by either determined by local authority charges, or including a large tax content, such as cigarettes and spirits, have risen by 4.5 per cent a year, contributing 1 per cent to inflation. Service prices have risen 6.4 per cent a year, contributing more than 1 per cent.

## Directors' share dealings

Transactions in own companies August 4-8 1997

| Company             | Sector | Shares    | Value '000 | No of directors |
|---------------------|--------|-----------|------------|-----------------|
| SALES               |        |           |            |                 |
| Alliance Res        | OE     | 1,644,292 | 553        | 1               |
| BTG                 | OE     | 18,800    | 121        | 1               |
| Close Brothers Grp  | OE     | 20,000    | 49         | 1               |
| Deven Holdings      | OE     | 45,000    | 268        | 1               |
| Marika & Spencer    | OE     | 75,000    | 13         | 2               |
| PWS Holdings        | OE     | 2,200     | 10         | 1               |
| Weston Water        | OE     | 133,776   | 526        | 1               |
| Law Service         | OE     | 100,000   | 601        | 1               |
| Mayflower Corp      | OE     | 342,500   | 582        | 1               |
| Bank                | OE     | 49,200    | 412        | 1               |
| Tonbridge           | OE     | 150,000   | 466        | 1               |
| PURCHASES           |        |           |            |                 |
| Angelsen Underwry   | OE     | 20,000    | 22         | 1               |
| Apollon Metals      | OE     | 25,000    | 22         | 1               |
| Black Arrow         | OE     | 25,810    | 23         | 2               |
| Business Post       | OE     | 4,500     | 38         | 2               |
| Carpenters plc      | OE     | 5,000     | 24         | 1               |
| Chamberlain & Hill  | OE     | 10,000    | 161        | 1               |
| Delamoy Est plc     | OE     | 50,000    | 35         | 1               |
| Graham Holdings     | OE     | 8,510     | 11         | 1               |
| H & C Furnishings   | OE     | 10,000    | 28         | 1               |
| Henderson Elec AGen | OE     | 10,000    | 39         | 1               |
| ISI Group plc       | OE     | 20,000    | 16         | 2               |
| Imprest Chem Inds   | OE     | 5,000     | 51         | 1               |
| Leg Service         | OE     | 4,000     | 16         | 1               |
| Marshall            | OE     | 36,000    | 49         | 1               |
| Marley Sec          | OE     | 10,950    | 20         | 1               |
| Northern Foods      | OE     | 6,005     | 14         | 5               |
| Pearce              | OE     | 100,000   | 17         | 1               |
| Premier Asset Man   | OE     | 100,000   | 17         | 1               |
| PWS Holdings        | OE     | 189,462   | 32         | 2               |
| Ridgway Group       | OE     | 10,000    | 10         | 4               |
| Smith (David S)     | OE     | 11,915    | 23         | 1               |
| South Staffs Wtr    | OE     | 859       | 24         | 2               |
| Vega Group          | OE     | 9,779     | 27         | 2               |
| Westonwater Ltd     | OE     | 50,000    | 14         | 1               |

## Penna Holdings



## Directors' dealings

One of the most interesting buys of week was at Penna, the employee counselling group, where four directors bought 100,000 shares between them at 120p. *Jan Forrest writes.* Andrew Hugh Smith, the chairman, and David Banks, the chief executive and finance director, bought 10,000 each, but the largest purchase was by Allen Thomas, a non-executive director, who bought 70,000 shares.

Christopher Burnett, a non-executive director, bought 36,000 shares at 137p in the building materials group. Despite a fall in profits, brokers are still forecasting good growth, and with a forward p/s of 14, this could be one to watch.

Another large purchase was by Martin Harris, an executive director of Carpetright, who bought a 25,000 shares at 52p, taking his holding to 83,094. This follows a purchase in early July of 25,000 at 52p.

TBI shares were 87p after Thursday's annual general meeting, compared with the 85p at which non-executive director David Lewis sold 3m shares last month. At the meeting the company said the first quarter had showed further progress in property and airports.

## Current takeover bids and mergers

| Company            | Value of bid | Share price | Value of bid | Share price |
|--------------------|--------------|-------------|--------------|-------------|
| Argent Group       | 375          | 300         | 400          | 226.5       |
| SB & EA            | 75           | 720         | 705          | 8.4         |
| Bridon             | 170          | 174         | 1276         | 136.72      |
| Burton             | 616          | 616         | 44           | 36.25       |
| Brookbank Group    | 600-6        | 650         | 5425         | 65.60       |
| Cent Transport Int | 16           | 154         | 7            | 118.0       |
| Colleges Group     | 95           | 940         | 774          | 21.56       |
| Corbourn           | 190          | 1920        | 196          | 83.69       |
| David Glass Ass.   | 127          | 1214        | 1276         | 7.40        |
| Devin              | 110          | 980         | 814          | 9.8         |
| EFT Group          | 170          | 1856        | 134          | 89.6        |
| Eurodollar         | 190          | 188         | 1169         | 93.1        |
| Grampian TV        | 3101         | 3122        | 3105         | 102.3       |
| Grandnet (H)       | 500          | 586         | 515          | 21,000      |
| Grubby             | 211          | 2074        | 1484         | 136.0       |
| Impressions        | 75           | 736         | 814          | 23.65       |
| JFK Oil & Gas      | 46           | 436         | 44           | 53.81       |
| Midland Int News   | 210          | 2024        | 1884         | 289.59      |
| Nelson Hunt        | 135          | 1784        | 1294         | 83.59       |
| Nyco Group         | 140          | 135         | 1264         | 24.78       |
| Nycomed            | (H)          | (H)         | (H)          | (H)         |
| Pharad             | 142          | 1344        | 71           | 25.42       |
| Shames Beach Hls   | 200          | 197         | 190          | 46.4        |
| Sheffield Res      | 76           | 72          | 674          | 51.63       |
| TLS                | 125          | 1314        | 1304         | 65.88       |

Prices in pence unless otherwise indicated. All cash offer. For capital not already held. 1 Unconditional. 2 Based on indicative price 150/67. 3 55 shares and cash. 4 Cash offer. 5 Merging to form GMD Holdings. 6 Merging to form Nycomed Amersham. Value of merger estimated at £2.1bn.

## Alternative Investment Market

per share were 0.49p. Robert Bonnier, chief executive, who bought 700,000 shares yesterday, blamed part of the deficit on start-up losses at the TDS Marketing Group, of which Freepages owns 46 per cent, and at a joint venture with VNU of the Netherlands.

Celtic, the Scottish football club, has pledged to invest more money to improve its playing squad and upgrade its stadium after reporting a record annual profit of £3.15m (losses of £1.01m).

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## FT WEEKEND

Practically everywhere, pessimists are treated shabbily. We are accused of being defeatist and fatalistic, even sterile and nihilistic. Party-poopers. A social and political menace.

Optimists, on the other hand, are the guys in white hats: cheerfully constructive - convinced that humans are not killer apes at all but splendid creatures who, once they have conquered their nastiest inherited habits (patriarchy, warfare, genocide), will rule their suburb of the Milky Way with wisdom and benignity.

You can see why I'm a pessimist. I simply don't buy into this notion of splendid humans taking their place in the galaxy alongside civilised alien cultures any time soon. Not, I reckon, for at least 40,000 years, always supposing we survive until 41,997, which strikes me as unlikely.

Optimists are cock-eyed. Pessimists are realists. In order to haul ourselves back from the brink of extinction, we must first acknowledge how awful we are, and resolve to change our ways.

Only pessimists can help us do this.

Not that I am always pessimistic. I have little spurts of optimism - usually when I win £750 off the hookmakers or when someone who was rude to me 15 years ago is washed out to sea and eaten by carnivorous squid.

I enjoyed a little spurt of optimism the other evening. I was at home, listening to David Bowie, wearing my T-shirt from Mar del Plata, drinking raspberry juice - and reading a short story by the American writer T. Coraghessan Boyle, called *Hopes Rise*.

It is a story about frogs and toads. The narrator and his girlfriend attend a batrachiology conference in New York that is discussing the global demise of frogs, toads and other vertebrate

amphibians. The mood of the conference is sombre. It becomes even more sombre when a wild-looking character in blond dreadlocks and tinted glasses takes the microphone and lashes the attendees with terrible tales of the worldwide threat to toads and frogs.

"Cameron," says this character, "Ecuador, Borneo, the Andes and the Alps: everywhere you look the frogs and toads are disappearing... What have we done? Ladies and gentlemen, it's the frogs today and [people] tomorrow... before we know it, the malls will stand empty, the freeways deserted, the creeks and ponds and marshes forever silent... We're doomed, can't you see that?"

However, a week later the narrator and his girlfriend decide to look for toads themselves, to see whether all this batrachiological pessimism is justified. They park beside a highway, enter a wood: are drawn by a fluid, multi-voiced trill towards a small pond with a dead, black surface under a buttery sun.

"And then," says the narrator, "we saw that there was no surface to that pond, that it was a field of flesh, a grand and vast congress of toads... toads uncountable, humping in a frenzy... their eggs were everywhere, beaded and wet with the mucus of life..."

Since reading that short story, my little spurt of optimism has been reinforced by cheery snippets in the newspapers: charming tales from far and

wide. Here are three examples. **Cairo:** A secret archaeological team dubbed the Raiders of the Lost Archive has penetrated an underground chamber known as the Hall of Records - made of granite and sheathed in gold - north of the Great Pyramid of Cheops. The site contains documents from the earliest days of mankind, and is said to herald a new dawn for civilisation.

**Section F - for forecasts -** in the Hall of Records has already yielded upbeat data for the five-year period ending on New Year's eve, AD 1999. By then, the Dow Jones Industrial Average is forecast to stand at 21,500, and the FTSE 100 index at 12,900. As a result, one in 13 people living in the EU and US will be billionaires. "After that," says an

archaeologist ruminatively, "the forecasts turn distinctly bleak, but - hey - who cares?"

**London:** Prince Charles, heir to the British throne, and his companion, Camilla Parker Bowles, are planning their first holiday together, on a millionaire's yacht. Constitutional experts say this is part of a plan to prepare the nation for the couple's eventual marriage, so that King Charles III and Queen Camilla may start their reign.

I myself have become involved in this story. My name is often a source of confusion. Sometimes I get mail addressed to Michael Thomson Knowles, or Marcus Thomas Poles - even, once, Michel Carracci Volee. Now Buckingham Palace has mistaken me for one of Camilla's

relatives. I have received a letter addressed to Michelangelo Parquet Nowles, inviting me to join the royal cruise in Tonga. No wonder I am humbled.

**Saint-Martin-d'Oydes:** Tony Blair, Britain's dynamic, hip and exultantly youthful prime minister, is expected to spend a week's holiday in this picturesque French village, 30 miles south of Toulouse, starting tomorrow.

"It is wonderful news for our village," said a spokesman for the mayor's office. "Mr Blair is regarded as a saint in France. Already, the roads leading to Saint-Martin-d'Oydes are overflowing with life's casualties: the halt, the lame and the chronically over-borrowed, hoping for a blessing, a sign, a miracle, as Mr Blair sweeps past. One day, so hip is Mr Blair, he will be president of a Federal Europe from Bantry Bay to Kamchatka."

I can only take so much cheeriness. By Monday, I expect I will be a po-faced pessimist once more, convinced that the human race is as doomed as the toads and the frogs.

## True Fiction

## Three cheers for the pessimist

Michael Thompson-Noel experiences a rare spurt of optimism. He doesn't expect it to last

## Metropolis

## Fighting the profanities of mass tourism

Christian Tyler considers the pressures facing sacred sites as they try to balance temporal and spiritual demands

The Westminster coach terminal is the finest in Europe. It is high, bright and cool, perfectly situated at the heart of tourist London, and packed with distractions to ease the waiting hour.

During the sweaty English summer it is a refuge for 15,000 holiday-makers a day. An estimated 2.5m people pass through each year. Peak time is between nine and 11 in the morning, when coach parties are mobilised for the onward push to Buckingham Palace. There is another crush hour in mid-afternoon when the Eurostar trains disgorging their passengers from the Continent.

At such times the place shows its limitations. The seating is inadequate and the coffee bar in the quaintly vaulted courtyard becomes very crowded. Although the building has been remodelled and expanded over the years, it is clear the architects grossly underestimated passenger flows. In their defence, it must be admitted they were constrained by the very narrow ground-plan of the earlier building on the site, which opened for business a few days before the death of King Edward in 1905.

Westminster Abbey is not the only sacred building to be suffering the profanities of mass tourism. All over Europe, the great churches and cathedrals are bulging with crowds so dense they are destroying the very thing they came to see. If visitors are religious, they are denied the silence for prayer or reflection; if merely curious, they are denied the atmosphere of age and mystery which church architecture and monuments usually invoke.

In St Vitus's Cathedral, which crowns the palace hill in Prague, they would have been dancing in the aisles if they had not been packed in so tightly. Tour groups milled about the huge nave like stricken sheep, cameras flashing and video-recorders whirling, while their guides kept up a frantic barking in an effort to maintain order. If there were monuments to be seen, they were

invisible. All sensation was drowned by the constant roar which resounded from the vault.

Elsewhere this summer, the staid glass splendour of Chartres was shattered by the arrival of two Dutch tour buses, whose rowdy inmates appeared not to have read the notices asking for silence.

The imposing medieval gloom of Notre-Dame in Paris was dispelled like so much fog by the jaunty mood and skimpy dress of its summer visitors. Most of the pews had been removed from the nave to make room for them. Middle-aged Germans clustered round tour leaders, who shouted

**Tour groups milled about the huge nave like stricken sheep, their cameras flashing**

above each other to be heard. Scandinavian youths larked about. Italians (who are supposed to know better) harrassed each other before the altar. Up at the west end, someone was tuning the great organ, a plaintive counterpoint to the hubbub below.

How are the sheep to be prevented from behaving like goats? St Paul's Cathedral in London, like others before and since, took the obvious but awkward step some years ago of charging an entrance fee. This was mainly for financial reasons: voluntary donations were reportedly working out at an average of only 11p a head. But the evidence of a visit this week suggests that here, at least, Mammon has helped reinstate God.

Notices at the door in six languages remind visitors that they are in a functioning church, not a museum. The message is rein-

forced every hour by an announcement which invites them to "spend a moment in silence", and is followed by a recitation of the Lord's Prayer.

On this occasion, the voice belonged to a nun called Sister Hilary, who was later found patrolling the cathedral answering people's questions and ready to listen to their troubles.

For, she explained, among the thousands who visit the cathedral as sightseers, there are always a few who come in need of something else.

Some arrive directly from the airport, perhaps to give thanks. Others drop in from a passing bus. But a few are there for more desperate reasons. Sister Hilary recalled the day a verger found a woman weeping behind a pillar. She was a City career girl who had just discovered she was pregnant and, until she found someone to confide in, could think of no way out but abortion.

Then there was the young girl who sent a bundle of papers and possessions home to America just before Christmas. Among them was a map of the crypt on which she had copied down the lines of William Blake which are inscribed on the poet's tomb:

*To see a World in a Grain of Sand*

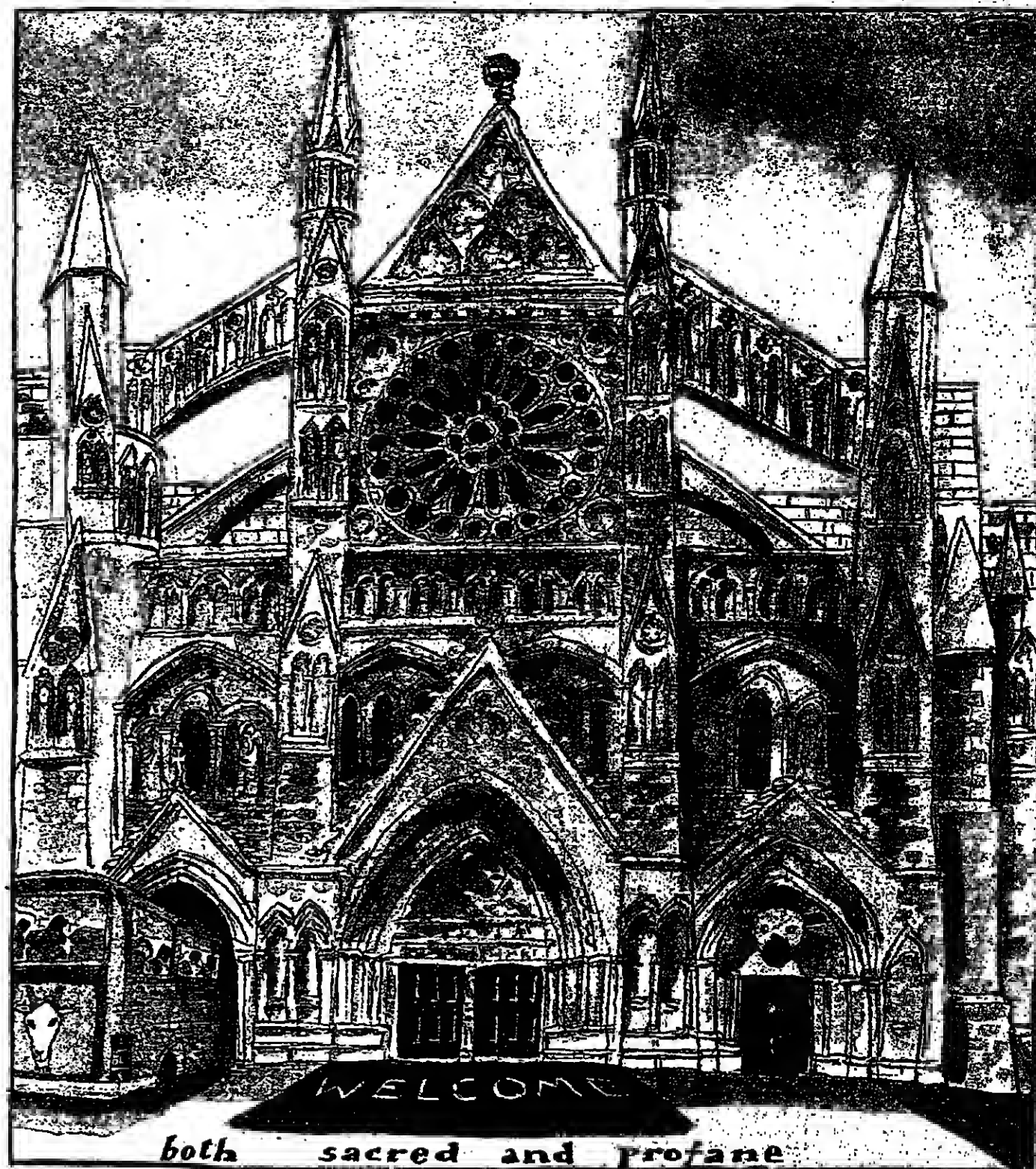
*And a Heaven in a Wild Flower*  
*Hold Infinity in the palm of your hand*

*And Eternity in an hour.*

The girl never saw her family again. She was blown to eternity on the Pan Am airliner brought down by a terrorist bomb over Lockerbie in 1988.

There is no way of estimating how many others may have grasped a slice of infinity from a routine visit to a church or cathedral, nor how many may have been turned away by the admission fee.

In paying churches such as St Paul's, people who want to pray are directed to a side chapel away from the turnstiles. In free churches, an area is usually set aside for worshippers. But separating payers from prayers is not always easy. Westminster Abbey



the Westminster Waiting Room, as the tourist trade has dubbed it - has decided to try to do just that.

For three days, ending tonight, a new system has been tested which will probably be made permanent next spring. The idea is to create a temporal channel for the royal tombs and other famous monuments - Britain's Valhalla - and a spiritual channel for the body of the abbey. By this means, it is hoped, the nave will be reclaimed for God.

At present, the public goes directly into the nave of the

abbey through the big west door. The area is free to individuals; only those who want to visit the royal tombs must queue up in the north aisle and pay £4. Since last year, tour groups have been charged the equivalent of £4 a head from the moment they enter the building. Yet overall, the numbers continue to swell.

From next March (if this week's trial is judged a success) everyone will be admitted through a door in the north transept. Sightseers will be charged and funnelled directly past the royal chapels. But bona fide wor-

shippers - including, for example, ex-servicemen who want to visit the tomb of the Unknown Soldier - will be diverted into the nave, which will be restored to its monastic calm. The abbey estimates the ratio of payers to prayers will be nine to one.

The sightseers will leave via Poets' Corner or the cloisters (where the coffee bar and brass rubbing stalls carry on their brisk trade); or they may be allowed to file quietly back through a corner of the nave to leave by the west door.

"Recovering the calm" is the

title abbey staff have given their mission. "We want to encourage people to use the church in the way intended," explains Emma St John-Smith, the abbey's press secretary. "It can be a magical place and it has a warm and wonderful atmosphere. We want them to feel the numinousness of it."

Some do, even today. A middle-aged couple from Florida stood gazing at the ribbed roof of the nave. "Look at that architecture," the man said. "Amazing," his wife agreed, and added: "But I like the religious feeling, too."

## Arcadia

## In praise of the perfect swimmer

Jurek Martin tells the tale of three crabhouses on the Chesapeake Bay

even dirt ones, be named and all houses numbered, which explains why some people live at weird addresses such as 7349 Fred and Joan Street, even when the cul-de-sac in question is only 30 yards long and boasts just one dwelling.

But the real reason why the Pope's Creek parking lot is jammed solid each summer weekend is crabs. This is perfectly logical because it is the considered opinion of all right-thinking people, regardless of race, colour or creed, that nothing compares with the Maryland blue crab, the "perfect swimmer" taken from the bay and its tributaries.

There may be Dungeness crabs, and Alaska king crabs, and hairy crabs, and they may do them pretty well from Wichita to Singapore. There are fine crabhouses elsewhere in Maryland, in Baltimore, on the

eastern shore, even down the road on Cobb Island.

But Pope's Creek is the ultimate Mecca, demanding a regular pilgrimage, because its three crabhouses are all there is to it - Captain Billy's, Robertson's and the slightly raffish Pier One, on the other side of the little road bridge, where bad rock 'n' roll bands blast the Saturday night away.

The first two are owned by father and son - and thereby hangs a little tale.

Sometime in the not too distant past they had a serious falling out. Nobody seems sure what it was all about any more but it was bad while it lasted. So bad that the father went up to the Pope's Creek turn-off on Highway 301 five miles away, leased the land on which his son's signs stood and tore them down. The filial response was sharp. He put them up on the

other side of the road, next to the Red Top convenience and liquor store renowned for its sausage breakfasts.

A truce is now in force, but the lingering effect, at least for the

foresake Robertson's.

There is only one way to eat crabs. First completely ignore the men, apart from the onion rings. There is a lot to be said for crabcakes and especially soft shells, where you consume everything, claws and all, but they are better sautéed in butter or coated in an exquisite Japanese tempura batter than deeply deep-fried, which is the Pope's Creek way.

Instead, simply order a dozen large crabs, which should do for two, and a pitcher of beer. Your waitress will tear off a large sheet of brown paper, which serves as the tablecloth, and bring a little wooden mallet and small, sharp knife, the only instruments necessary.

The crabs, blue in life, red in death after immersion in vast vats, come crusted with peppery crab boil on a tray. Some purists go for the legs and claws first,

but the sweetest meat is the back fin. To get at it, turn the crab on its back, hook a finger under the "key" on its belly, pull hard and discard the shell: plunge both thumbs into the middle of what is left and yank apart; then explore and extract, either with knife or fingers, leaving the residue in little piles on the brown paper. A dozen crabs should last two people a couple of hours - and probably two pitchers of beer.

Pope's Creek is what is called "down home". Baseball caps and shorts, with appropriate garments in between, are more than enough. Some customers come in off the river and may resemble bottled lobster. Crab eating does require concentration, but it also encourages conviviality (Robertson's is not a quiet restaurant). Users of contact lenses are advised to scrub their

fingers free of crab boil before taking them out at night: men with mustaches can get a salty kick for hours afterwards.

We're lucky to have this heaven and, yes, we can thank the government that we still have it. Severe over-crabbing in the bay was only stopped by tight state and federal controls, and supply is now picking up again. But so is cost, now around \$30 (£18.40) a dozen, about double five years ago (roadside huts and caravans also offer take-home crabs at half the price - but it is your mess afterwards).

A British diplomat in Washington recently revealed that his family club had a crab on it, above the motto "Davant je puis". This is apparently a subtle reference to the fact that crabs were always eaten. To find them at Pope's Creek, turn right, if heading south, at the Red Top in Faulkner, go past several historical markers, a signpost, Robert, Frank, Willie Road and look out for the deer - they have a habit of moving sideways directly into cars.

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